CQ 710-1

Tom Wolfe talks about Age of America—P. 44

A walk through Burnett's new headquarters—P. 66

© Entire contents copyright 1989 by Crain Communications Inc. All rights reserved.

$2.00 a copy; $74 a year

NEWSPAPER

June 12, 1989

Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Last Minute News

Doyle Graf Raj deal dies amid turmoil

NEW YORK—The trio of young executives who agreed to buy Doyle Graf Raj canceled the deal last week after the agency was fired by its largest client, J.P. Morgan & Co.

Managing Director Tom Carroll, 33; Creative Director Robin Raj, 32; and Director of Planning Adam Stagliano, 32, said they plan to open a new agency this week called Carroll Raj Stagliano.

They claimed Doyle Graf Raj President William S. Doyle "did not operate in good faith" and "violated terms" of their agreement.

Mr. Doyle, 44, said the deal collapsed because the management group couldn't raise the financing.

He said he became aware of that the day after the buyout was announced (AA, June 5) and that he immediately opened new negotiations to find another buyer. Mr. Doyle said he expects to announce a deal for the $40 million shop this week.

Sources said Mr. Doyle's decision to shop the agency before the management buyout was scheduled to close led to client discord and the top executive walkout.

Mr. Doyle had been been trying to arrange a sale or merger for several months.

The shop has had financial problems resulting primarily from its move last year to luxurious quarters in Saatchi & Saatchi Advertising's downtown headquarters building.

The management turmoil "was not in and of it-

(Continued on Page 8)

Time Inc. titles imperiled by bid

By PATRICK REILLY

NEW YORK—Time Inc. Magazine Co.'s venerable stable of publications could be headed for the selling block because of Paramount Communications' intervention in the Time Inc./Warner Communications merger.

The cleaving of such titles as *Fortune*, *People* and flagship *Time* from the publishing giant may be the eventual result of Paramount's $10.7 billion bid for Time Inc., media observers say.

One of its established and thriving properties, such as *People*, a circulation and advertising powerhouse, could sell for $1 billion, industry experts say.

The Paramount bid possibly will draw others, and some rumored suitors include Gannett Co., Walt Disney Co. and financiers Ronald Perelman and Robert M. Bass. But no matter who ends up owning Time Inc., sources say, at least some of the magazines will probably be sold to finance the deal.

And if publications are sold, that would cause a fundamental shift in the balance of power within the U.S. magazine industry, where Time Inc. magazines have been dominant so long. The leverage Time Inc. magazines have had with national advertisers is virtually unequaled because of their mass circulation.

"The No. 1 publishing company is being torn apart by deals," said Peter Diamandis, chairman of Diamandis Communications Inc. "I hope for all the employees' sake it is settled and settled soon. But I doubt it will be. You may be witnessing the end of a great magazine company."

Reaction to Paramount's Time Inc. bid is mixed, but the deal would face fewer regulatory problems than Warner's offer. See stories on P. 77.

There's no consensus on what will eventually happen to Time Inc.'s magazine unit or its other businesses. Although Martin Davis, chairman-ceo of Paramount, said no sell-offs would be required if its bid goes through, that's being discounted by many observers.

Sources say Time Inc.'s top executives also believe Paramount will sell off some of its parts.

Several analysts say other units of the Time Inc. empire, such as the cable properties or book publishing company, could be sold before any of the magazine titles. But, of the variety of auctioning scenarios being discussed, Time Inc.'s magazine properties garnered the most rapt attention.

Some predict that Time Inc.'s titles will be sold individually to reap the maximum selling price.

"A very realistic possibility is the magazine [properties] will be sold off," said Alan Gottesman, an analyst for PaineWebber. "Advertisers would love to be able to play off one [magazine]

(Continued on Page 77)

China quake

New crackdown may shatter plans of Western marketers

By JULIE SKUR HILL

The burgeoning consumer marketing business in China was jolted last week after violence erupted in the streets of Beijing.

Ad agencies, marketers and media shut offices, moved out non-Chinese employees, postponed agreements and pulled advertising as business took a back seat to safety following the tumult in Tiananmen Square.

Businesses ground to a halt and employees were encouraged to stay home. Expatriates left the country, some even fleeing by bicycle, to avoid becoming targets of the People's Liberation Army.

Bozell had little choice but to close its affiliate China Link office in Beijing when the army started occupying the building, an agency source said.

Kentucky Fried Chicken Corp. immediately closed its outlet in Tiananmen Square June 4, the day the violence started. It has no plans to re-open until "we can ensure the safety of our employees and when a normal business environment returns," said Richard Detwiler, a KFC spokesman.

The chaotic environment led many advertisers to cancel their Chinese campaigns. Among the most visible advertisers to withdraw their ads were American Express Co.; United Airlines; Kraft General Foods Group; Holiday Inn Lido; Unilever; Nestle; and Hewlett-Packard Co., sources said.

The U.S. toy industry faces manufacturing delays in China, and Mao fashions may be in jeopardy—P. 76.

Until the violence ends and it's known who's running the Chinese government,

(Continued on Page 76)

Associated Press photo

Civil unrest in China is prompting U.S. companies to reassess their plans.

Advertisers mull Whittle debate

By PATRICK REILLY

The heated public debate over "Channel One," Whittle Communications' daily news program for schools, is making some national advertisers take a wait-and-see stance on whether they will sign up for the national rollout.

Several major advertisers, including Levi Strauss & Co. and Procter & Gamble Co., said they were pleased with the proposed reach of "Channel One" and its ability to target a teen audience. But whether they join the national rollout will depend on research results, such as on advertising recall, gleaned from this spring's seven-week test of the program in six middle and high schools around the country.

Even so, Whittle executives are predicting a horse race among major marketers, especially in the fast-food and retail categories, that want to advertise on "Channel One."

That prediction came last week after Whittle announced that "Channel One" will be expanded to include two other program channels and that schools will be offered more flexibility.

These moves are seen as a way to appease education leaders critical of "Channel One" because it brings TV advertising into the classroom.

The non-commercial "Classroom Channel" is expected to carry instructional programming. Whittle also will offer "The Educators' Channel," which may carry ads along with news and programs for school education staff to teachers' lounges. Only schools with "Channel One" will be able to get the other two channels.

The company said the $200 million national rollout of "Channel One" will start March 5, almost six months earlier than originally planned. The satellite-fed program will be launched in 1,000 schools; by the end of 1990, about 8,000 schools will be wired.

Each school will be supplied with a satellite dish, central recording equipment and about 40 video monitors.

Chairman Christopher Whittle begins selling his program to advertisers today in earnest and said he expects to sell all available time within four months.

But some advertisers that participated in the test are being careful not to align themselves too closely with the project.

"We are monitoring the public debate [about 'Channel One'] on an ongoing basis," said Dan Chew, marketing manager for Levi Strauss, one of the test advertisers. "There's lots of talk about it in the hallways, but as for the national rollout, we don't know yet."

Sources at P&G, a heavy advertiser in other Whittle media projects, said the company will make its decision after viewing the research.

"We need to make sure the brands and the people involved feel comfortable with 'Channel One' relative to the controversy," one source at P&G said. "And they may not."

Mr. Whittle said the test market research shows "Channel One" has "substantially better recall scores than those from network TV."

He said testing of students in the pilot schools and five control schools also showed the pilot school students' knowledge of

(Continued on Page 76)

Highlights

NEWS

4 **Disney lines up more tie-ins**
Extensive fall promotions are expected to help "Bambi" and "Roger Rabbit" videos ring up record sales.

6 **Ayer faces more hurdles**
N W Ayer has been hit by several major reviews following the loss of Burger King.

12 **Electronics ad spending up**
Improved profits and technology have led consumer electronics marketers to boost ad budgets.

26 **Two agencies shine at Addys**
W.B. Doner & Co. walks away with the most awards, but DDB Needham takes top honors at the Addy Awards.

28 **Haircare on a roll**
Top haircare marketers get set to introduce new products, relaunch old products and add line extensions.

31 **Comfort pumps up dress shoes**
U.S. Shoe finds success by using sneaker technology in a dress shoe.

36 **Who's on top in Europe?**
Publicis-FCB comes in No. 1 among the ever-growing list of European agency networks.

38 **Compaq sets sights on Europe**
Compaq Computer fine-tunes its European ad strategy in preparation for 1992.

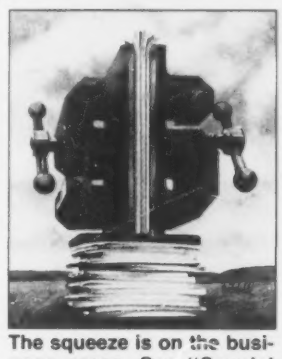
73 **AAF strengthens state watchdogs**
The AAF is forming a network to monitor and fight state efforts to restrict and tax ads.

74 **Texaco gears up for System 3**
Texaco is determined to become more competitive by aggressively marketing its new gasolines.

INTERNATIONAL

34 **Guinness brews global plan**
Guinness hopes to build its own road to global success with an extensive agency roster and a sophisticated global media management system.

AD REVIEW: Reynolds gets a good wrap with Sure-Seal food storage bags. P. 78.



The squeeze is on the business press. See "Special Report," following P. 40.

Departments

Best of Press	41
Brady	42
Brady's Bunch	26
Classifieds	67
Computers & You	52
Editorials	16
For the Record	73
Forum	20
Global Gallery	35
Letters	24
MediaWorks	54
New Products Roundup	28
People	64
PeopleWorks	60
Photo Review	58
Slices	42
The Next Trend	42

Vol. 60, No. 26—ADVERTISING AGE (ISSN 0001-8899) is published weekly except semiweekly the fourth week in March and the fourth week in September at 740 Rush Street, Chicago, Ill. 60611-2590. Second-class postage paid at Chicago and additional mailing offices. Send address changes to ADVERTISING AGE, Circulation Department, 965 E. Jefferson, Detroit, Mich. 48207. $2.00 a copy; $74 a year, $124 two years. Add $115 per year for air delivery to Europe & Middle East. Add $49 for surface mail to all other foreign countries. WILLIAM STRONG, VP-circulation; JOHN HUFFMAN, fulfillment director; DAVE KELLEY, circulation manager. Four weeks' notice required for change of address. Address all subscription correspondence to Circulation Department, Advertising Age, 965 E. Jefferson, Detroit, Mich. 48207. 1-800-992-9970. Microfilm copies are available from University Microfilms, 300 N. Zeeb Rd., Ann Arbor, Mich. 48103. Microfiche copies are available from Bell & Howell, Micro Photo Division, Old Mansfield Rd., Wooster, O. 44691. AD AGE is available for electronic retrieval on the NEXIS® Service, Mead Data Central, Inc., P.O. Box 933, Dayton, O. 45402 (800 227-4908).

New Mazda ads geared to image

By RAYMOND SERAFIN and CLEVELAND HORTON

Mazda Motor of America will target "neo-traditionalists" in a new campaign that tries to boost both the awareness and image of the company.

The new marketing thrust will be unveiled July 1 when Mazda launches a multimedia effort for its new Miata roadster, said Janet Thompson, VP-advertising.

It will be followed in mid-August by a campaign introducing a new theme line for the full Mazda line, Ms. Thompson said. Foote, Cone & Belding, Santa Ana, Calif., is Mazda's agency.

Ms. Thompson disputed a report that a shake-up on the ad account is imminent and said all the major "housecleaning" was done last summer. "I sure wouldn't wait until right about the middle of a launch to do it," she said.

Several teaser ads for the Miata have appeared in the automotive buff magazines. A four-page ad is scheduled to run this week in the newsweeklies. The ad is glued along the right-hand side with the warning: "Do not open before July 1." Inside is a photo of the Miata.

Auto writers have referred to the Miata as a technologically modern version of old British and Italian roadsters.

Mazda research has shown the car, priced around $15,000, will have a strong appeal to a wide range of ages, especially older buyers, who have yearned for a sports car and now have the discretionary income to afford the Miata.

The ad campaign for Miata will play on the "nostalgic" theme, Ms. Thompson said.

"Neo-traditionalist" is a term coined by Yankelovich Clancy Shulman to describe a lifestyle that embraces traditional values, such as family, but in a contemporary context of the social changes that have occurred over the past few decades. Neo-traditionalists aren't faddish but seek solid products.

Ms. Thompson said Mazda already attracts a sophisticated, highly educated buyer. "They're discriminating people—they almost had to be to find Mazda," she said, an acknowledgment that the brand lacks the awareness enjoyed by competitors such as Toyota and Honda.

FCB undertook a major reorganization shortly after Mazda consolidated its two U.S. distribution and marketing arms last summer.

About 40 new people have joined the 150-person shop, covering most of the senior-level positions. FCB is still looking for a creative director to replace Jim Barr (AA, May 1).#

Omnicom appears to be BMP winner

By LAUREL WENTZ and GARY LEVIN

BDDP Group let its hostile takeover bid for Boase Massimi Pollitt lapse June 9, virtually ensuring that Omnicom Group's higher, friendlier offer will win.

BMP Chairman Martin Boase and Group Chief Executive Peter Jones met in New York June 8 with Omnicom executives to discuss the anticipated merger between BMP Davidson Pearce and DDB Needham in the U.K.

If the deal goes through, Messrs. Boase and Jones will run a new Omnicom U.K. holding company that may include the merged BMP-DDB Needham agency, BBDO U.K. and BMP's marketing services operations (AA, May 22).

BBDO Worldwide and DDB Needham Worldwide are Omnicom units.

BBDO is believed to be negotiating separately to buy Still Price Court Twivy D'Souza, London, and merge it with the weak BBDO U.K. shop. But Still Price also is in talks with Lintas:Worldwide.

Shareholders of London-based BMP have until June 22 to accept Omnicom's 365 pence-a-share offer, valuing the company at about $200 million. If more than half of BMP stock isn't tendered, Omnicom is likely to extend the bid, a BMP spokesman said. BDDP had offered 345 pence per share.

Omnicom said that as of late last week, it owned 27.5% of BMP and had commitments from BMP managers and directors for another 11.5%, bringing its total to 39%. The

(Continued on Page 77)

Saatchi may come up short

Analysts see more profit woes

By LAUREL WENTZ and JON LAFAYETTE

When Saatchi & Saatchi Co. unveils half-year results June 14 at simultaneous analyst meetings in New York and London, the financial community may start marking down its forecasts for the full year.

Analysts are predicting pretax profits of £18 million to £22 million for the half year ended March 30, only one-third of the pretax profits Saatchi made during the same period last year.

To meet forecasts for the full year, ending Sept. 30, Saatchi will need a rapid recovery in the second half.

Saatchi's pretax profits for the year are estimated at £92 million to £95 million. So the company would have to achieve pretax profits of about £74 million in the second half to fall into that range if the first-half results come in as expected.

Pretax profits last year were £138 million last year.

The consulting division, Saatchi's hardest-hit business, is expected to post full-year pretax profits of about £20.8 million, down from £22.8 million last year.

Chairman Maurice Saatchi prepared analysts for his company's first-half slump at the March annual meeting. But they're still uncertain about what the second half will bring.

"There is scope for a big uplift in the second half," said Neil Blackley, an analyst at James Capel & Co., London.

Analysts say clients who've deferred spending—one of the reasons cited by Mr. Saatchi for the company's poor first half—may help turn things around, as British Airways, British Rail, Hewlett-Packard Co. and Hyundai cars, among others, resume expected ad levels.

Another analyst, however, said he expects to slash his full-year profits forecast by about £10 million after the results announcement this week.

And even more optimistic analysts are cautious because they don't fully trust Saatchi's budgeting systems or the control exercised by the holding company over subsidiaries.

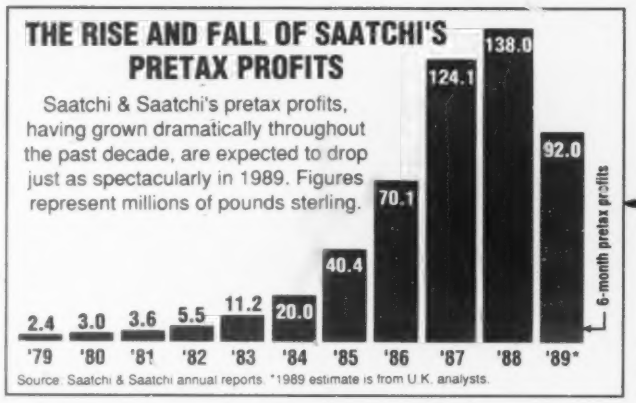
James Dougherty, an analyst at County NatWest Securities USA, New York, said he believes the company will be forced to slash its full-year forecast.

"To make [the forecast] would require an enormous swing for the second half," he said.

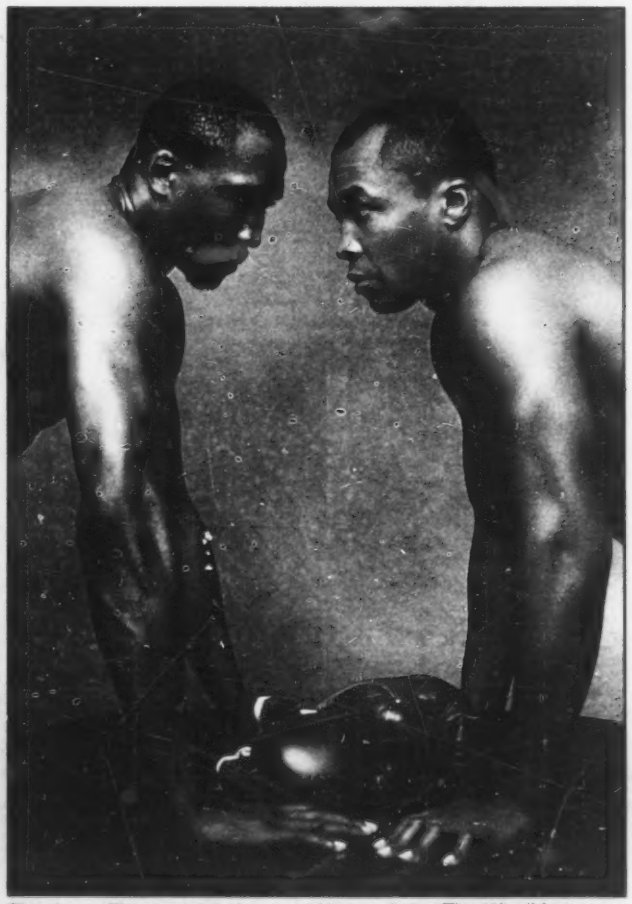
"The problems are at the holding company level," Mr. Dougherty added. "The operating companies, maybe they're not doing great but they're not doing that badly. The problem is they have these tremendous debt service, preferred-dividend payments, and they have these deferred payments.

"They mortgaged everything to

(Continued on Page 78)



John Hall



They're calling tonight's Leonard-Hearns fight "The War," but some marketers are calling it a big opportunity.

THAT RIGHT HOOK

Tie-ins are key to sports' value

By WAYNE WALLEY and SCOTT DONATON

Tonight's championship fight between Sugar Ray Leonard and Thomas "Hitman" Hearns has been dubbed "The War." But for four marketers, the real battle will be waged outside the ring.

Ashton-Tate Corp., Catalina Marketing Corp., Anheuser-Busch and Coca-Cola Co. are spending an estimated $10 million in sponsorship fees, and the challenge they face is how best to maximize the value of those dollars.

That's the same challenge facing the 3,900 companies expected to spend an estimated $2.1 billion on event sponsorships this year, and just how they leverage their involvement is the key to continued sponsorship success, participants say.

Ashton-Tate, for example, will use its $3 million sponsorship of "The War" to launch its "Winner by technical knockout" campaign promoting new software. Foote, Cone & Belding, Los Angeles, is the agency.

And Catalina is providing grocery stores with special coupons created in-house that feature information on the match and urge shoppers to join Messrs. Leonard and Hearns, the "Champions Against Drugs," in the "War Against Drugs." Catalina does inventories of products as they leave checkout counters.

Most observers say these kinds of tie-ins will help the $1.4 billion business of sports marketing keep growing.

"You have to be selective in how you do your sponsorship," said John Hellweg, VP-marketing services at Stroh Brewery Co. "You've got to position yourself carefully through merchandising involvement at the retail level, on-site hospitality and promotional support. The more you can extend a sponsorship, the more you can get out of it."

But as the popularity of event sponsorship grows, so does

(Continued on Page 75)

TV networks play a game of 'added value'

By SCOTT DONATON

The sports divisions of ABC-TV and CBS-TV hope to score extra points with advertisers this year by creating a series of promotions to usher in a "new age" of value-added sports programs.

ABC Sports is launching an 11-city "birthday party" tour to celebrate the 20th anniversary of "NFL Monday Night Football" this fall, while CBS Sports is developing promotions centered on its 1990 sports schedule.

ABC has put a $1 million-plus price tag on a title sponsorship for the "Monday Night Football" tour and last month hired People & Properties, Greenwich, Conn., to handle the deal.

The network's efforts are "part of a whole new emphasis on added-value programs," said Kurt Sanger, marketing consultant to ABC Sports.

If the football tour succeeds, a similar tour will be launched to mark the 30th anniversary of ABC's "Wide World of Sports" in 1990, Mr. Sanger said. Other promotions could be centered on the Triple Crown, the Indianapolis 500 and the Tour de France.

"ABC Sports is starting to put together promotions that we can bring to our clients

(Continued on Page 78)

Hershey takes on Jell-O with new pudding line

By JUDANN DAGNOLI

Hershey Foods Corp. is extending the names of its best-selling chocolate bars to refrigerated puddings.

Sources say Hershey plans to roll a five-item line of ready-to-eat puddings national starting this fall.

The flavors of the chocolate-based puddings are Hershey's Kisses; Hershey's Chocolate; Hershey's Chocolate & Almond; Hershey's Chocolate & Vanilla; and York Peppermint Pattie (to which Hershey acquired the rights from Cadbury USA last summer).

DDB Needham Worldwide, New York, is handling the new line.

Initially, the Hershey puddings will be introduced to less than half the country. That area will include the Northeast; other regions aren't known. The company declined to discuss the product.

Six individual serving cups are sold in each package.

Hershey has put its famous name on a refrigerated product only once before: ready-to-drink Hershey's chocolate milk, introduced in 1984. The milk is marketed through licensing agreements with dairies.

With the introduction, Hershey is taking on General Foods USA's Jell-O Pudding Snacks, the runaway leader in the $156.3 million refrigerated pudding market.

Although Beatrice/Hunt-Wesson

(Continued on Page 78)

World News Roundup

MADRID—Repsol, the state-owned oil company, is reviewing its $20 million account. Incumbent Tiempo/BBDO and four other agencies are pitching. A decision is expected next month.

MOSCOW—Grey Germany, Duesseldorf, and Rostorg Reklama here will sign a joint venture agreement later this month.

LONDON—Asda supermarket group moved its $19.2 million account to Publicis here from Bartle Bogle Hegarty. J. Walter Thompson Co., D'Arcy Masius Benton & Bowles and BMP Davidson Pearce also pitched.

TORONTO—Molson Breweries of Canada launched a $16.6 million TV campaign to promote responsible drinking. Ian Roberts Advertising handles the four-year campaign.

LONDON—Guinness' Arthur Bell Distillers will launch a new white spirits drink called Gordon's Twist, a blend of gin and lemon juice. TBWA will handle the $6.4 million launch.

New commericals breaking in October for Panasonic will feature babies talking about camcorders and how only one VCR is needed to view the tapes.

Electronics gets more ad juice

By IRA TEINOWITZ

The long dry spell in consumer electronics advertising may be ending.

Improved profits, technical advances and a growing fight for the camcorder market have buoyed electronics marketers. Now they're eager to boost ad spending—mostly for their video lines—in the fourth quarter.

Panasonic Co., Sharp Electronics Corp., Sony Corp. of America, Zenith Electronics Corp. and Thomson Consumer Electronics plan to hike spending in the fall. Zenith, Sharp and Thomson (marketing under the RCA brand) each could more than double fourth-quarter ad spending. Traditionally, the lion's share of industry spending comes in that quarter.

Measured media spending for video equipment and accessories rose 23% in 1988, the first increase in four years, according to BAR/LNA Multi-Media Service. However, the $94 million still lagged far behind 1984's peak spending of $136 million.

More of those dollars will be restored this year as marketers promote high-end products, new features or new products.

For example, two Panasonic commercials set to break in spot markets in October feature two babies discussing its camcorder's virtues. One baby notes a second VCR isn't needed to play the camcorder's tapes. Grey Advertising, New York, is the agency.

Panasonic, which will boost spending 20% to about $12 million on its video lines, also will use spot TV to promote a new VCR that can be programmed by phone. Print campaigns also will support a top-line Prism TV (ad copy claims "It's not the next step in TV. It's the step after that") and a portable audio player ("Never, never call it a boom box").

Sharp's advertising, from its new agency, Griffin Bacal, promotes its camcorders' zoom capability plus new products including a compact disc player that plays audio and videodiscs of any size and a new projection TV that can produce a picture from 100 inches to 200 inches wide.

Sharp said its overall ad spending will increase 33% to about $24 million this year. The company plans to spend $5 million on its audio and TV products in the fourth quarter, up from virtually nothing a year ago.

Sony will unveil a new, more humorous approach for its advertising. On TV, the company will promote its new CCD-TR5 Handycam 8mm camcorder—the world's smallest—and its Personal Video products. McCann-Erickson Worldwide handles TV spots; Slater Hanft Martin handles print.

Sony also will push its large-screen color TVs, its entire VCR line (which includes Beta, VHS and Super 8 models) and some compact disc products.

Separately, the company will mark the Walkman's 10th anniversary with a new campaign.

Sony spent $20 million last year on electronics advertising.

Zenith has yet to disclose details of its ad spending, handled through Foote, Cone & Belding, Chicago. The company spent less than $5 million on consumer advertising last year, even though its Zenith brand color TVs control 12.8% of the $6.6 billion market, second only to RCA's 16.2%.

Thomson could double last year's $3.5 million fourth-quarter spending for its video lines, said Bruce Hutchison, manager-marketing communications. Spending on the lines totaled $12.6 million in 1988.

While details haven't been finalized, Thomson will continue its "No. 1 with the toughest critics in the world" theme. A new camcorder spot breaks on network TV next month via Ammirati & Puris, New York.

For years, TV and video product advertising was the backbone of consumer electronics companies' ad budgets. In recent years, however, cutthroat price competition prompted marketers to pare spending. Several, like General Electric Co., even sold off their consumer electronics businesses.

The trend started to change last fall when Philips Consumer Electronics announced plans to increase the Magnavox brand's spending by 50% to $30 million for 1988 and introduced a high-end line of Philips TV and audio products (AA, Sept. 26). Backer Spielvogel Bates is the agency.

Analysts say one reason for the spending increase is that TV prices have risen for the first time in a number of years.

"There have been three price increases of 1% to 3% each in the past year," said David Lachenbruch, editorial director of *Television Digest*, an industry newsletter.

Another reason is the abundance of consumer camcorders. With prices not yet dropping, marketers are using advertising to differentiate their products in the high-profit market.

Finally, with profits on low-end TVs still minimal, marketers are using advertising to try to push consumers toward more profitable, more expensive sets.

"TV is a very competitive marketplace that is price-driven," said Bob Greenberg, Panasonic general manager-communications. "We want to demonstrate the technical capabilities of our audio and video products."

While most marketers are increasing ad budgets, Goldstar Electronics International is cutting spending. Goldstar spent $6 million last year, including corporate image advertising, because of the company's involvement in the Summer Olympics in its native South Korea. Spending this year, via TBWA, is expected to be less than $2 million.#

Publications rewrite delivery story

By LAURA LORO

The need for immediate information is leading some newspapers and magazines to test faster delivery methods, including overnight shipments and facsimile transmission.

In April, *Business Week* launched an extra-cost overnight delivery service, guaranteeing delivery of the weekly by 10:30 a.m. Friday instead of possibly Friday and probably first thing the next week.

At about the same time, *The Hartford* (Conn.) *Courant* began faxing to subscribers business news and summaries of the following day's stories. *USA Today* also offers information from its pages via fax and personal computer.

In addition, a handful of fax newspapers are starting up, one offering an hourly news summary *(see story on Page 56)*. And the emergence of these fax-only newsletters—such as *News Fax* and *News Travel Fax*—is fueling the traditional media's interest in new delivery systems.

The quick-information trend is more an enhancement to traditional business for the print media than a new vehicle for publications and delivery methods. But fax delivery opens an extremely targeted medium for advertisers since it requires phoning individuals.

THE RACE TO DELIVER NEWS

Consumer and trade publications are using a variety of methods to deliver information first.

Consumer publications	Delivery method	Number of subscribers	Cost	Description
Business Week	overnight courier	100	$495/yr.	Friday delivery
Hartford Courant	fax	NA	$2,500/yr.	News summary; no ads
USA Today Decisionline	computer	34*	$250-3,000/mo.	News in 18 subjects; takes ads
SportsCenter	computer	3,500	$5-15/hr.	Current information; takes ads
NewsAlert	fax	NA	$2/page	Daily news summary; takes ads
Trade publications				
Inside Radio	fax	NA	$340/yr.	Weekly supplement; takes ads
News Fax	fax	500	free	Hourly updates; ad-supported
Radio & Records "Hot Fax"	fax	1,000	$50-350/yr.	Customized news; takes personalized ads

*Corporate subscribers, access to 600,000 end-users. SOURCE: ADVERTISING AGE

For newspapers, faxing a day-before summary is "an opportunity to reinforce a core product," said Peter Winter, VP-marketing and new technology for the Newspaper Advertising Bureau.

It's also a defensive maneuver, he said. As phone companies prepare to enter electronic publishing, "newspapers are pursuing different electronic distribution channels with increasing vigor."

As for the magazines, *Business Week* began its overnight delivery service via Federal Express Corp. "because people called and requested it," said Mary Pizzarelli, subscriptions marketing manager.

Most requests came from financial executives who said that what's on the magazine's cover affects their business, she said.

Business Week approached Federal Express, which has since had inquiries from trade publications, said Dick Metzler, FedEx managing director of express marketing, "but we haven't proactively marketed the idea."

"It makes a lot of sense for us. The growth rate of the overnight-letter segment is declining; faxing has had an impact on that," said the FedEx executive.

Overnight delivery of publications "is great business for us. We can sustain it for a long time. It's new, incremental business, and it's not prone to be faxed," Mr. Metzler said.

For newspapers, faxing "is highly advantageous if costs can be kept down. Consumers . . . get a highly personalized news product delivered to them and equally targeted . . . direct-response advertising," said the Newspaper Advertising Bureau's Mr. Winter.

"This is not a threat to traditional newspapers [but] a spinoff to enhance interest in the regular paper," said Bruce Thorp, media analyst for Provident National Bank.

The *Courant's Fax Paper*—a legal-size sheet of late news and a summary of the next day's news transmitted by MCI Communications Corp.—has no plans to carry advertising.

Some observers believe *Courant* parent Times Mirror Co. may launch similar services at its other papers, such as the *Los Angeles Times* and *Newsday*, depending on the *Courant's* success.

"It expands the presence of the *Courant*, but I don't see it ever being a factor in revenue," said John Morton, newspaper analyst for Lynch, Jones & Ryan.

The *Courant* advertises *Fax Paper* with house ads and direct mail, both created in-house.

The *Courant's* daily circulation is 225,000, according to the Audit Bureau of Circulations. The paper wouldn't disclose the number of fax subscribers, composed primarily of business leaders.

The concept of faxing news is bet-

(Continued on Page 56)

WHO'S ON TOP IN EUROPE

Rank	Network	1988 European gross income	% change over '87	European billings '88	% change over '87	'88 European gross income as % worldwide	'88 European billings as % worldwide	Network's top European office in '88 billings
1.	Publicis-FCB[1]	$327,110	19.7%	$2,234,307	21.0%	50.0%	51.3%	Publicis Conseil, Paris
2.	Saatchi & Saatchi Advertising	289,128	26.7	2,093,041	36.3	39.1	41.6	Saatchi & Saatchi U.K., London
3.	Young & Rubicam[2]	267,532	33.0	1,784,491	33.0	35.3	34.0	Young & Rubicam Holdings, London
4.	McCann-Erickson Worldwide	264,128	17.5	1,761,631	17.5	40.2	40.2	McCann-Erickson U.K., London
5.	Backer Spielvogel Bates	262,904	23.2	1,664,247	23.4	38.1	35.6	BSB Dorland, London
6.	Ogilvy & Mather	249,027	24.3	1,565,337	24.4	39.2	38.1	Ogilvy Group, London
7.	Lintas:Worldwide	214,388	15.0	1,429,966	14.6	39.8	39.9	Lintas:Germany, Hamburg
8.	J. Walter Thompson Co.	194,635	10.6	1,438,217	19.2	34.8	37.3	J. Walter Thompson Co., London
9.	HDM	186,312	42.9	1,265,868	42.9	66.8	65.3	HDM France, Paris
10.	D'Arcy Masius Benton & Bowles	170,280	27.5	1,232,253	37.4	39.7	36.7	DMB&B, London
11.	WCRS/Belier	167,355	40.9	1,153,693	43.2	57.7	56.9	Belier WCRS, Paris
12.	Grey Advertising[3]	163,900	35.6	1,093,213	35.6	37.9	37.9	Grey Communications Group, London
13.	BBDO Worldwide	129,344	21.8	883,334	21.7	22.2	21.8	Team/BBDO Group, Duesseldorf
14.	Lowe, Howard-Spink	120,140	36.7	825,946	37.7	61.0	62.8	Lowe, Howard-Spink, London
15.	DDB Needham Worldwide	118,778	16.3	790,315	8.5	29.7	26.2	DDB Needham, Duesseldorf

Figures are in thousands of dollars. [1]Gross income and billings figures for **Publicis-FCB** include 100% of Publicis Conseil, Paris. Publicis-FCB, the European arm, owns 20% of Publicis Conseil. If only 20% had been included, the network would have dropped to the No. 6 position, but FCB Publicis contends that the arrangement of interlocking directorates and exchange of stock makes the two agencies virtually a single entity. [2]Gross income and billings figures for 1988 for **Young & Rubicam** reflect the deduction of $15 million and $100.1 million, respectively. These figures represent the non-advertising part of Y&R's public relations arm, Burson-Marsteller, in Europe. Also, Y&R's European percentage ownership in HDM is not included in Y&R's totals. [3]Gross income and billings figures for 1988 and 1987 for **Grey Advertising** were supplied by the agency. Grey would not disclose equity percentage holdings in its overseas offices. Source: Advertising Age

Publicis-FCB leads Euro-networks

By LAUREL WENTZ

LONDON—The international alliance that Foote, Cone & Belding forged with Publicis, France's largest agency, has propelled the combined network to No. 1 among agency networks in Europe.

The figures are based on the percentage of equity held in European offices. The Publicis-FCB figure includes 100% of the income of Publicis Conseil, Paris.

Publicis-FCB, the European arm, owns 20% of Publicis Conseil (the rest is owned by Publicis Communications). If only 20% had been included, the network would be No. 6. But Publicis-FCB contends the arrangement of interlocking directorates and exchange of stock makes the two agencies virtually a single entity.

Formal documents were signed earlier this year combining Foote, Cone & Belding Communications' European operations with those of Publicis Communications.

The interlocking network and joint ownership of various units make this alliance different from other partial ownership networks.

An ADVERTISING AGE survey of 17 countries shows the top 15 multinational agency networks continued buoyant growth with an average 26.5% increase in gross income in Europe for 1988.

The growth rate has slackened from the 40% boost in gross income for Europe's top 10 networks in 1987, partly because the dollar remained fairly constant in 1988.

Among the top 15 agency networks, less than half are U.S.-owned. Assuming London-based WPP Group's acquisition of Ogilvy & Mather is approved, six of the top 15 would be majority-owned by U.K. groups and two by French groups. The remaining seven would be under U.S. ownership.

The two fastest-growing networks were HDM, which increased gross income by 42.9% in 1988, and WCRS/Belier, 40.9%.

HDM's growth is being fueled by European clients like French automaker Peugeot, which is hiking spending to raise its European market share.

Publicis-FCB was able to leap into first place due to the dominance of Publicis Conseil, which contributed $125 million to total gross income.

Outside France and Italy, the Publicis-FCB network doesn't rank in the top 10 in any other major markets. In the U.K. and France, where FCB and Publicis have maintained separate agencies, FCB's gross income fell in 1988.

Saatchi & Saatchi Advertising ranked No. 2 with gross income of $289.1 million. Saatchi and Young & Rubicam, in third place, are the only networks that have agencies in the top 10 of all five of Europe's major markets—the U.K., France, West Germany, Italy and Spain.

Although Saatchi's flagship London agency continues to dominate the European network, Saatchi's fastest-growing agencies were in Germany (44%) and Spain (47%).

Y&R is about to plug the last gap in its European network by buying into an agency in Turkey.

It's also looking at adding second agencies to avoid client conflict at the main agency in France, the U.K., Germany and the Netherlands.

Y&R posted extraordinarily high growth in all five of the major markets in 1988—Spain (86%), France (67%), Germany (54%), U.K. (44.5%) and Italy (33%).

Close behind was No. 4, McCann-Erickson Worldwide, with $264.1 million in gross income, and No. 5 Saatchi-owned Backer Spielvogel Bates, with $262.9 million.

McCann was in the top 10 in all the major markets except France, where it ranks No. 13. Backer was the No. 1 agency in five small markets but growth in its largest market, the U.K., was a mediocre 7%.

No. 6 O&M, with gross income of $249 million, ranks above its new sibling, J. Walter Thompson Co., in all but four markets (Italy, Spain, Turkey and Portugal). O&M's 24% growth rate was boosted by the $100 million nine-country Ford of Europe business, which moved from JWT in 1988.

No. 8 JWT is still absorbing the Ford loss. Its 10.6% growth in gross income was the lowest of any top 15 network in 1988. Additional account losses in Germany and France limited JWT's income growth to 1.6% in Germany, and in France income fell by 33%.

No. 7 Lintas had the second-lowest network growth rate at 15% and posted uneven results. In Germany, Lintas grew by 18% and knocked Team/BBDO out of the coveted No. 1 slot. Lintas grew fast in Spain (50%), Italy (27%) and France (20%), but income fell in Scandinavia and increased by less than 2% in the U.K.

After large-scale defections by staff and clients—including Unilever—Lintas is in talks with Still Price Court Twivy D'Souza and other London agencies in search of a creative shop with strong management to acquire and merge with.

No. 10 D'Arcy Masius Benton & Bowles' fastest growth was in France, Germany and the U.K., where the agency increased gross income by more than 30%.

WCRS/Belier and Lowe are growing fast but have a presence only in the major markets. Grey Advertising grew by more than 50% in France, Belgium and Switzerland and by more than 30% in the U.K. and Spain.

BBDO Worldwide's weakest market is the U.K., where the agency ranks No. 41, and France, where it is No. 19 but grew by 38% last year. BBDO's growth was slowest—6.6%—in its strongest market, Germany.

DDB Needham Worldwide moved its international headquarters from New York to its largest overseas office, Paris, which grew by 38% last year compared with 2% in Italy and 0.7% in the U.K.#

McCann links direct shops

By KEVIN COTE

LONDON—McCann-Erickson Worldwide is unifying its direct-marketing operations in Europe, joining 14 offices under the name Europe McCann Direct.

The unit will compete against WPP Group's Ogilvy & Mather Direct and Young & Rubicam's Wunderman Worldwide subsidiaries on a network basis.

Malcolm Miles, chairman of McCann-Erickson Network in the U.K., composed of all McCann agencies in that country outside of London, was appointed manager of Europe McCann Direct. Total billings for McCann Direct in Europe are $55 million, he said.

Currently, only McCann Direct offices in London and Frankfurt are treated as separate profit centers. The other 12 offices in the network are either divisions or departments of the full-service ad agency.

But the aim is to create a network that operates independently of McCann's ad agencies, Mr. Miles said.

McCann Direct has just won the European account for the Amadeus computerized flight reservation system, a new account. Amadeus is a joint venture between European airlines SAS, Iberia, Lufthansa and Air France. McCann Direct will promote the system to the travel trade all over Europe.#

Give your product away —on network tv game-shows.
It's the ultimate in low-cost, mass exposure. We provide a complete service to all network shows. Write for details.
Game-Show Placements, Ltd.
7011 Willoughby Avenue
Hollywood, CA 90038
(213) 874-7818

"No, it's not an earthquake. The Register just arrived."

Over 1/3-million Orange County doorsteps are shaken each day by The Orange County Register, the nation's Number One newspaper in total, full-run advertising. (Source: Media Records, Inc., 1988)

THE ORANGE COUNTY Register
METROGROUP
The leading medium in Southern California's richest market. Represented by CWO&O.

FREE: SAMPLES
FAST SERVICE
FREE DESIGN
GRAPHIC CALCULATOR COMPANY
Designing and manufacturing special slide rules, printed calculators and feature demonstrators for 49 years!
312/381-4480 • FAX: 312/381-5370
230 James Street, Barrington, Illinois 60010

Special Report

The media squeeze is on

Business publishers caught in vicious rate-cutting trap as big shakeout looms

By Scott Donaton

The business press is caught in a vise that tightens with each declining ad page. Publishers are looking to relieve the tension and grab market share by resorting to rate cutting, particularly as advertisers concentrate trade book placements in fewer titles.

Industry insiders label rate negotiation a quick fix, however, saying the strategy will come back to haunt its practitioners.

The stage is being set for a classic shakeout as the industry rides a swelling tide of new trade titles and an eroding base of ad pages.

Standard Rate & Data Service, after accounting for launches and failures, reports that from 1984 to 1988 an average of 154 additional business publications each year jumped in to slug it out for fewer ad pages.

And failures are on the rise. If the pace established from January to April is maintained, 243 business titles will falter this year, up from 188 last year, according to SRDS.

Space Analysis Systems and *Business Marketing*, a sister publication of ADVERTISING AGE, estimate business press ad pages will drop 1.5% in 1989 from the previous year. Although rate-card increases boosted ad revenue 18.2% from 1985 to 1988, ad pages declined 11.5% during the same period, according to a 516-magazine study conducted by Business Development Group.

Titles up, pages down. Enter rate negotiation.

"The practice is growing because we hit that ad page wall, and there are publishers foolish enough to just throw away rate cards," says Bernard Kovach, president-ceo of Bill Communications.

Rate negotiation also is being fueled by exclusive placements.

"Where companies were buying four books [in a category], they're now buying two," says Ned Borowsky, president of North American Publishing Co. "That's where price cutting comes from. In the past, you could be the No. 3 book, the No. 4 book, and you could hold your position and grow a little each year because markets were expanding."

But few markets are expanding now, he says, adding that growth must come at the competition's expense. "It's the Nos. 3, 4 and 5 books in the market that are cutting rates to hang on because costs are escalating," Mr. Borowsky says. "They figure why not get what they can get for 10% or even 30% of their [ad] space."

Category-leading books are likely to withstand negotiation pressure, offering value-added services to channel deals away from straight dollar discounts, while lower-tier books will cut rates to get business, endangering editorial quality and long-term health.

Most magazines cannot survive on cut-rate revenues, says Michael Speciale, VP-media services at Spencer Bennett Nowak, a Seekonk, Mass.-based business-to-business agency. "It will backfire in their faces."

If price becomes the only factor in media selection, at some point the publisher has to decide what level of profitablity is reasonable, says Dan Comiskey, VP-publisher, *Building Supply Home Centers*. "If rates are being negotiated, other areas of the magazine will have to absorb those declines in revenue."

Sal Marino, president-ceo at Penton Publishing, fingers advertisers as the culprits.

"Most of the pressure is coming from large advertisers and their agencies, who are used to this kind of practice in the consumer press and electronic media," he says. "The agencies are merely applying that practice in new areas."

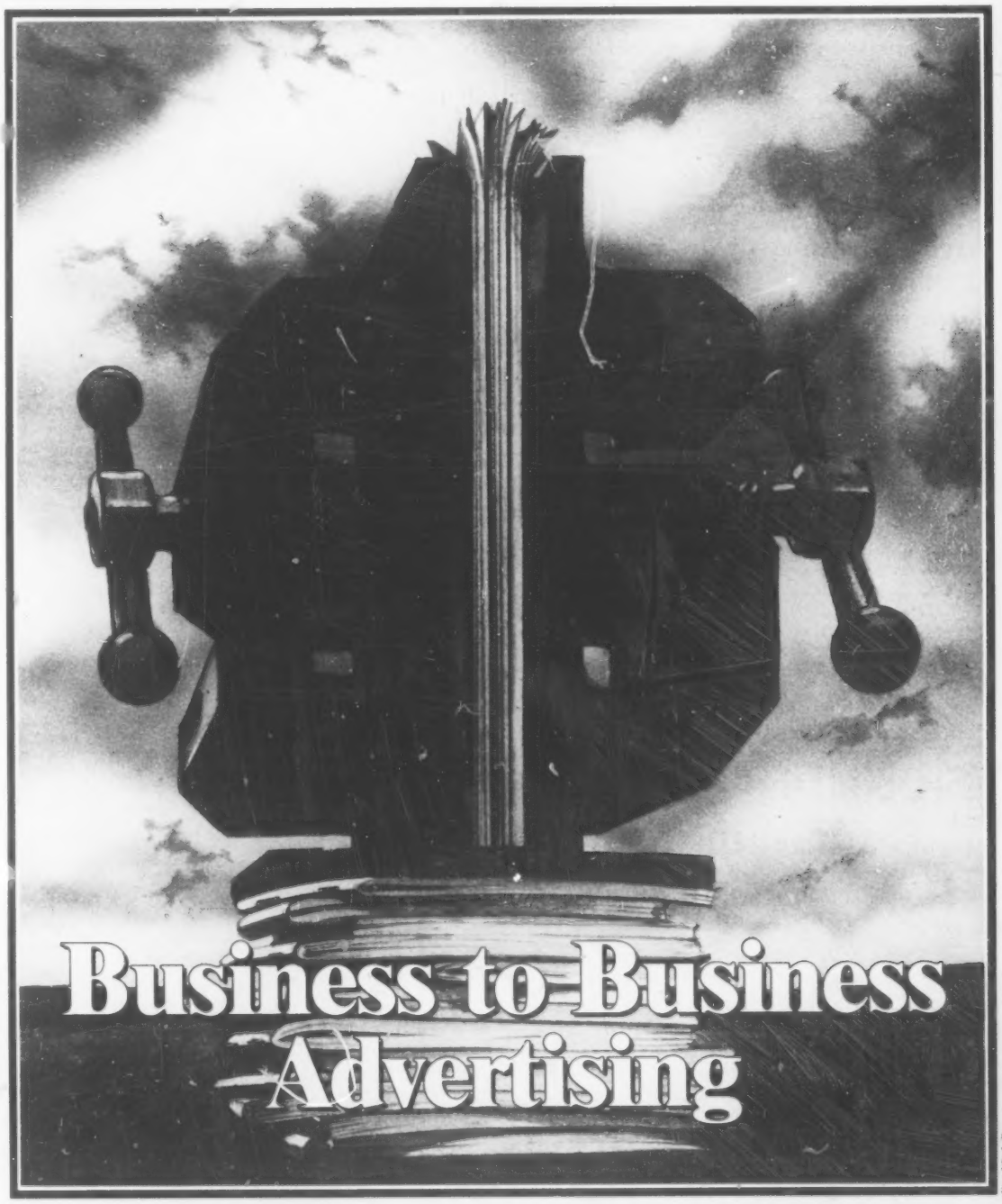
Mr. Speciale counters that business publishers started the practice, which he faults.

"I don't think any magazine should go off rate card," he says. "They should stay on the card and provide information to illustrate the value of the vehicle, not base it on cost. They prostitute themselves when they do that."

Some people say both advertisers and publishers are to blame and that the practice is dangerous for both parties.

"The client gets hurt when you buy on a commodity basis. That's what happened to television," says Arun Sinha, media director, Anderson & Lembke, a business-to-business agency in

(Continued on Page S-10)



Kurt Mitchell

How contenders become pretenders

Unplugging of weak computer books an example of larger woes

The business press is turning into a horse race. And increasingly the only positions that pay dividends are win, place and show as advertisers tighten budgets and take a hard look at secondary publications within industry categories.

An investigation of one category—in this instance, old-line computer books targeted at managers of information services and mainframe computer data processing operations—speaks volumes about the stresses facing business publishers with lower-tier books. With ad revenues remaining generally static or shrinking, growth for category leaders now often comes at the expense of competing publications.

Illustrating how high the stakes have risen, this was a six-book category at the start of 1988. *Infosystems* folded in spring 1988, followed by *Computer Decisions*' demise this spring, while the three category-leading titles gain in ad revenue. □

Desperate living in the bottom tier

Magazine ad revenues ($000,000)

	1988	1987	1986
Category total	$96.8	$99.3	$105.0
1. Computer World	52.0	50.0	49.0
2. Datamation	18.0	17.0	17.5
3. Information Week	15.0	13.0	12.0
4. MIS Week	9.0	9.9	11.5
5. Computer Decisions	2.5	7.1	10.5
6. Infosystems	0.3	2.3	4.5

Source: Communications Trends Inc.

Media insiders thrash young agency buyers

Their inexperience and lack of understanding catch flak from long-time veterans watching competitors make in-roads

By E.S. Ely

What's plaguing the trade books is young, inexperienced media buyers. Going a step further, Penton Publishing President-CEO Sal Marino dropped the hangman's rope on young media buyers just out of college.

"There's no way they [young media buyers] have the time to dig into [trade magazines] deeply or understand them editorially," says Mr. Marino.

The remarks—made at a recent university career conference—were anything but an idle complaint. They address the frustration many trade publishers feel toward agencies, as their market share continues to wilt against other media strategies.

Mr. Marino's remark about inexperienced media buyers refers to a consequence, not the cause of the forces at work in business-to-business advertising in recent years.

"There's no way [young media buyers] have the time to understand [trade magazines] editorially."

Sal Marino
Penton Publishing

What weight is given to these different forces depends on who is talking.

A major loss—in the view of publishers and traditional business-to-business agencies—has been the gradual disappearance of the seasoned trade media buyer at medium and large agencies.

This process began with the recession of 1973, says Fergus O'Daly, chairman-CEO of Poppe Tyson, New York. Agency heads looking to cut personnel costs reasoned there was little need for a specialized business buyer.

Clients, also pressed, sacrificed ad directors experienced in the trade press.

"They fired most of the pros in this business between 1973 and 1983," says Mr. O'Daly.

The number of purely business-to-business agencies also has declined. "You have an ever shrinking field of business-to-business media buyers," says Michael Walsh, media director at Gray & Rogers, Philadelphia.

The loss has been critical, depriving the trades of their strongest advocates, says Michael Speciale, VP-media services for Spencer Bennett Nowak in Seekonk, Mass.

The business specialist lived his craft, Mr. Speciale says. "He studied it. He talked to the media reps. He became a premium in the marketplace."

Most important, knowing his industries and their trades, the specialist could argue a strategy that might put the client in a half-dozen books or more, for optimal reach at the greatest cost efficiency.

"He looked at more than just numbers," says Mr. Speciale. "He read the magazines."

Their places are now held by less-experienced buyers with less clout, Mr. O'Daly and others claim. Often the buyers are part of a team considering trades as but one option along with TV and consumer publications.

Too often the younger buyers are dipped into trades as a brief stop before consumer media, says Mr. Speciale. "They are not being trained properly," he says.

These critics charge the young buyers, as TV generation children, are daunted by the complexity of trade publications, the many niches and the subtleties of editorial slant that separate books and can prove crucial in buying decisions.

They also say buyers neither identify with the editorial, as they might a consumer book, nor can they rely only on the numbers, as they can with consumer publications' sophisticated, computer-accessible syndicated research. Trade numbers are more complex, and hardly uniform.

Also, there are more magazines. The Standard Rate & Data Service trade directory is twice the thickness of its consumer directory, says Mr. O'Daly, and that only represents the top 600 or so titles. In computer books alone, there are about 1,100 publications, he says.

"So many magazines are so specific by function interest or industry covered," says Mr. Marino.

"You can have a chemical product that goes into over 5,000 different products in over 60 different markets," says Mr. O'Daly. That extreme diversity makes it impossible for consumer media specialists to adopt their approach to trade press buying, he says.

"It's a whole different thing you've got to look at," Mr. O'Daly says. "It isn't just numbers. He's got to see the reps, he's got to do an analysis, and it can take six hours," while consumer magazine data is at their fingertips via computer.

As a result, the buyer adopts what

(Continued on Page S-9)

E.S. Ely is a New Jersey-based free-lance business writer.

GALLATIN DIVISION

Specialized Business Press Publishing Studies

The business press industry in the United States is growing with considerable speed. New York University's Gallatin Division has recognized this with the first comprehensive curriculum in the nation designed to prepare both B.A. and M.A. students for careers in the editorial, business, circulation, and production areas of the industry.

Whether you are already in the field or want to enter it, Gallatin offers the internships, independent study opportunities, and academic curriculum necessary to ensure distinguished qualifications for employment and career advancement.

NEW YORK UNIVERSITY
A PRIVATE UNIVERSITY IN THE PUBLIC SERVICE

For further information about the Gallatin Division's Specialized Business Press Publishing Studies, call (212) 998-7370 or return the coupon below.

Gallatin Division
New York University
715 Broadway, 6th floor
New York, N.Y. 10003

Please send me more information about the Specialized Business Press Publishing Studies.
☐ B.A. Studies ☐ M.A. Studies
☐ I am also interested in summer sessions.

Name_____
Title/Organization_____
Address_____
City State/Zip Code_____
Telephone_____
(area code)

New York University is an affirmative action/equal opportunity institution

MD AGE 6/12/89

Books take matters into their own hands

Frustrated with agencies, publishers set up 'one-stop marketing centers'

If they won't join you, beat 'em. That seems to be the strategy employed by business-to-business publishers as they increasingly bypass recalcitrant ad agencies and go directly to advertisers.

"The only thing we have left is to force the issue," says VNU Business Publications President-CEO Robert Lydon.

The pitch directly to agency clients shouldn't be to buy space—at least initially—but to stress, "We're here to help you solve your marketing problems," says Mr. Lydon.

Publishers also are working to recoup marketing dollars lost to competing alternative media by becoming what they like to call one-stop marketing centers for their industries.

Such programs, says Edgell Communications' Chairman-CEO Robert Edgell, "often tap new dollars from advertisers. The more we can become an all-around supplier and servicer to the advertiser, the better it is."

As they sharpen marketing strategies to gain share, publishers' tactics fall into two categories: creating better data for advertisers and creating closer ties to them through value-added programs that enable advertisers to use magazine readership as a research base.

Publishers increasingly are stepping in to provide some of the marketing direction once furnished by clients' ad managers.

For example, Cahners Publishing Co. offers syndicated research of several of the industries its publications cover. Although syndicated research is extremely costly, observers say it would put trades on an equal footing with consumer magazines and will become common in larger business-to-business advertising categories.

Unlike the traditional readership study, syndicated research breaks down an entire industry, offering readership data on all publications and detailing key purchasing decisions. For example, determining what share of restaurant operators buy which brands of cooking oil can be an invaluable tool for a potential or current advertiser.

Publishers are increasingly offering data developed from readership studies, showing distribution overlap among competing publications. Advertisers then can determine the number of books needed to maximize penetration.

CMP Publications offers quantitative proprietary research with an overlay of conferences and focus groups. "We're making the editorial come alive," leveraging an editorial presence into an industry presence, says Kenneth Cron, VP-group publisher. The focus groups provide top managers with insight into customers' real needs, he says.

VNU is making available to advertisers a panel of 5,000 subscribers. The group can be used to test ad copy, new product viability or help determine what will make a customer switch to a competing product, for example.

But realizing that agencies remain an essential link in the buying process, Business Publications Audit of Circulation has instituted another step in the race for ad pages. Training seminars for media buyers, originally running in May and June, have been extended into the fall season.

—E.S. Ely

Tops in the trades

Leading agencies in 1988 business publication billings ($000,000)

Rank/Agency	1988	1987	% change
1. Levine, Huntley, Schmidt & Beaver	$58.3	$2.2	2,514.8%
2. Young & Rubicam	57.9	55.1	5.0
3. J. Walter Thompson Co.	52.7	51.1	3.1
4. Della Femina, McNamee WCRS	44.7	42.6	5.0
5. Doremus & Co.	43.0	54.0	-20.4
6. FCB-Publicis	37.3	15.6	139.3
7. Ketchum Communications	36.9	27.9	32.0
8. Ogilvy & Mather Worldwide	35.0	12.0	191.7
9. McCann-Erickson Worldwide	33.1	27.2	21.7
10. HDM	16.1	16.4	-1.8
11. Campbell-Mithun-Esty	15.9	18.2	-13.1
12. LGFE Inc.	15.6	10.8	44.4
13. Albert Frank-Guenther Law	15.5	15.6	-0.2
14. Fallon McElligott	13.7	8.7	58.1
15. Lewis, Gilman & Kynett	12.5	13.9	-10.1
16. Hammond Farrell	12.4	12.2	2.1
17. Hoffman York & Compton	10.8	7.5	43.1
18. Al Paul Lefton	9.8	10.4	-5.8
19. Christopher Thomas/ Muller Jordan Weiss	9.0	NA	NA
20. Fahlgren & Swink	8.9	10.4	-14.3
21. Chiat/Day	8.9	18.9	-53.1
22. N W Ayer	8.7	15.4	-43.6
23. Meldrum & Fewsmith	8.6	8.1	5.0
24. McKinney & Silver	7.5	7.0	7.1
25. Rumrill-Hoyt	7.4	7.8	-4.7
26. Mintz & Hoke	7.1	5.8	23.5
27. BBDM Advertising	7.0	3.9	77.0
28. BBDO Worldwide	6.9	7.9	-12.0
29. Cramer-Krasselt	6.8	5.8	15.6
30. Liggett-Stashower	6.7	6.0	11.9

Source: Advertising Age

Buying binge not over: Cahners

McDermott targets medical, food and construction properties as areas to grow

By Ed Fitch

Cahners Publishing Co. can't seem to stay out of the press.

Its acquisitions of *American Baby*, *Modern Bride* and *Variety* turned heads in the industry.

The spotlight burned brighter last month, just before the Association of Business Publishers convention, when Cahners' parent company, Reed International, said it would acquire Rupert Murdoch's travel and hotel-industry publications and electronic publishing properties.

Compounding that $825 million acquisition's impact were hints by Cahners executives that these mega-buys merely suggested bigger things to come.

"The Murdoch purchase didn't deplete our war chest," Terrance McDermott, Cahners Magazine division president, told ADVERTISING AGE.

The comment prompted one wag to describe Cahners as "a big rhinoceros that leaves a huge imprint where it steps." Below Mr. McDermott fends off that charge and outlines the challenges facing business press publishers.

ADVERTISING AGE: *Is there any truth to the statement that Cahners has become "a big rhinoceros?"*

Mr. McDermott: Not in my opinion. At an association meeting populated by a number of major companies but also some small companies, what are they going to say? If I was a small company and watched Cahners go out and make a multimillion-dollar deal, I'd feel the same way.

If it were true, we'd be a lot more concerned that we were getting too big for our britches. But I don't think that's happening. We just went through a major reorganization to keep the point of decision-making close to the publisher and the marketplace.

AA: *How do the benefits of a large corporate structure translate down to the individual book level?*

Mr. McDermott: The big thing is we are able to give a publisher a lot more of his net revenue dollar to invest back into his product. We buy paper, printing and film at a much more efficient level than a small company can.

Say we can produce our publications and return an additional 3% profit to the publisher's margin. On a $10 million book, that's a whole lot of money.

AA: *You have said the company has the desire and capital to go after virtually any acquisition in the business and consumer magazine area.*

Is it likely, following the Murdoch purchase, that you'll be out of commission for a while as the company digests those acquistions?

Mr. McDermott: No. Reed announced the launch of a new women's magazine title called *Me* one week after the Murdoch purchase.

Would we walk away from a piece of business that we thought would complement our other business?

Absolutely not.

Every group publisher has a hit list of books they want to buy or launch. Our style is to get into markets in an in-depth way.

Anything in the framework of markets we want to increase our involvement in, we'd be anxious to do.

However, the bottom line is we're in business to grow a publishing company, we're not in the acquisitions business. Everything we do will be in that context.

We don't want to get indigestion.

AA: *The softness of the industry suggests that titles would be low priced. Yet, analysts claim the Murdoch purchase was $150 million or $200 million above value. Why pay a premium?*

And, in general, what is the market like for acquisitions?

Mr. McDermott: Things are going 10 to 12 times [earnings], and we think that 15 times is not that big a deal.

Whoever said the right level was 7 times was whistling "Dixie." You can't buy a dead magazine for 7 times.

If we paid a premium for Murdoch it was because of our belief in Murdoch's dream. The growth and potential of the electronic side of the business will be dramatic. It's a great investment in the future.

And we had a major stake in the international travel market [with *World Airways Guide*]. We are willing to pay a premium for synergy.

Doug Goodman

"Our style is to get into markets in an in-depth way," says Terrance McDermott, Cahners Magazine division president.

AA: *Are there any specific properties the company is pursuing?*

Mr. McDermott: We're always looking very hard at the medical market. We have 13 titles in that area and would like to have more. It's a business where you need significant critical mass.

No. 2 would be in the design and construction field because of our stake in those areas with the interior design and building industry publications.

AA: *Is it true Cahners has a goal of carrying 50% trade, 50% consumer titles?*

Mr. McDermott: We don't have any set strategy.

We will continue to grow what we call "special interest consumer publications," but the percentage [of trade to consumer] will be an accident of good fortune.

Consumer properties are at 20% now, but we don't have any grand plan to be 50-50.

AA: *What consumer properties are you most interested in? Do you look specifically for consumer magazines that have an existing trade counterpart to offer advertisers one-stop shopping?*

Mr. McDermott: That is priority No. 1. I call it the "tip of the spear strategy."

Because we're a major player in the food and restaurant business, we'd love to have a compatible consumer property like *Gourmet* or *Bon Appetit* The same thing goes with our building books because of the strength of *Professional Builder* and the interior publications.

AA: *Do you prefer acquisitions or start-ups?*

Mr. McDermott: Historically, we've leaned toward acquisitions.

Probably you will see us launch more titles over the next five years. We want to challenge the company to do it.

We've been known as a company that can acquire a property and make it better. But we have not had a great track record as a launch house and we would like to be known as people who can launch books as well as buy and run them.

The prices of busiress magazines are nuts. Prices are so high, you can take the same money and launch a new property.

Specifically, you will see some activity from the new Business Newspaper division, which includes *Variety*.

AA: *What's the near-term outlook for the business? Can we expect to see the softness continue?*

Mr. McDermott: The same situation will continue through 1989.

We see a turnarourd in terms of a business increase starting in the second quarter of '90. But I don't think it will be really strong until calendar '91 because of the way budgets are set.

We're predicting an economic uptick in the fourth quarter and because our business usually lags about tine months behind the economy, next June looks good, particularly in markets that turn faster and where schedules aren't cast in stone.

The big challenge is to convince advertisers to increase business press' percentage in the marketing mix. The problem is that we are getting a decreasing percentage of the media pie.

It's now something like 2.2% or 2.5% of budgets. We want to bring it back to the 3%-plus range.

Cahners is committing in the fall to create major programs to bring new research information and data to the marketing community to show the value of business communications. We have to get the word out in the most sophisticated way that communicates the value of business communications.

AA: *What are the biggest issues facing trade publishers?*

Mr. McDermott: Marketers and advertisers are searching out other vehicles like direct mail, audio-visual, VCRs. We have a generation of marketers and advertisers who really aren't sure what works.

The problem is traditional media are held to task for performance, while the new stuff isn't measured at all.

A lot of times it comes out of the president's office because he wants to try AV or something.

When it doesn't work, people aren't going to run in and tell him his idea was dumb.

Also, some of the new people on the block don't think there's a downside risk to cancelling programs in traditional media.

The downside is jeopardizing the value of a brand name.

It can take decades to win customers in markets like high-tech and engineering. The onus is on us to prove it to buyers.

AA: *What impact is new technology having on trade publishing?*

Mr. McDermott: New technology will offer a great way to structurally change our operating costs and still produce high-quality publications. It will be a great partner in the '90s to guarantee profits.

Our ad rates will stay even with internal inflation. We have 40 category leaders, so we're not going to see great increases coming from page gains among those books. I think we can gain through technology.

You also need to use it to find new ways to have an impact on your audience.

You have to look for an intelligent formula of print and other communication devices.

Hopefully we're smart enough to recognize that magazines, newspapers, data package and maybe a cable show is what the advertiser and user really wants.

American Baby, for example, has five publications, a distribution company, plus a cable TV show. *Professional Builder* is on the newsstand and selling house plans to builders, and it has added five remodeling issues.

AA: *Define the trade publishing company in 1995.*

Mr. McDermott: The trade publishing company in 1995 will be able to bring their products into the market faster and, through technology, at less expense.

To keep up with all the options that the end user has to get information, we have to get that information to them in whatever speed or form is necessary. The publishing companies will have to be comfortable with all kinds of transmission vehicles—whatever the market demands.

The companies that didn't participate in high-growth technologies like electronics and computers are not the first-tier publishing companies in the '80s.

In the '90s those of us who have been involved in those industries will be able to use the knowledge gleaned in the '80s. To date, though, we've done a better job of reporting on technology than using it.

In a universe where competition for the reader/viewer/listener is getting so intense, the real challenge is to find a way to get information to them in a way that meets their needs. □

Competitors ally to bring in new ad sources

M-H Management Network packages 54 leading magazines to woo general advertisers like United, Avis into trade books

By Leslie Gilbert

The McGraw-Hill Management Network is challenging *Forbes* and *Fortune* for advertising directed at executive readers.

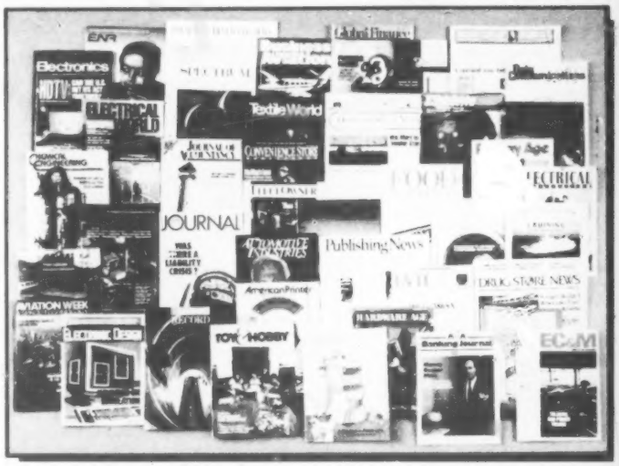
The Management Network's April launch marks the first time competing business publishing companies have joined together to boost ad page sales.

Positioned as a direct line to executives across a broad spectrum of industries, the network is designed to accommodate general and corporate image advertising—the campaigns usually reserved for general business publications. It also attracts advertisers such as travel, automotive and financial services, which ordinarily don't include trade magazines in their media mixes.

"*Business Week* reaches top executives, but only in non-technical industries," says David Metz, general manager of the network. And *Forbes* and *Fortune* "... do a miserable job of reaching the technical trade," he says.

The Network spans 20 publishing companies and includes 54 magazines—each a category leader in

Leslie Gilbert is a New York-based free-lance writer.



McGraw-Hill Management Network is looking to attract general and corporate image advertising and categories that often ignore trade magazines.

share of advertising—with a combined circulation of 5.1 million. Some of the other publishers are Chilton Co., Lebhar-Friedman and Maclean-Hunter.

The network's sales force focuses on general advertisers, such as client United Airlines. "They want to push their Pacific Rim service so they are going into magazines that reach aerospace, electronics, textiles, finance . . . the people who do business in the Far East," Mr. Metz says.

Northwest Airlines, Avis Rent-a-Car and Compaq Computers also have bought into the network.

Jeffrey Cunningham, *Forbes* director of advertising, doesn't see the McGraw-Hill network as competition, contending that it's "not an advertiser's need" but a "publishers convenience."

"All of the business magazines have technical columns," he says. "We run a five-to-eight-page article on computers or communications in every issue and columns on science and technology in every issue. Our readership is broad-based over many different industries."

Mr. Cunningham says the network is an option only after an advertiser places a significant schedule in first-tier publications, such as *The Wall Street Journal* and other business magazines. "At that point an advertiser may just want numbers and the network may offer unduplicated readership. It is a utility vehicle. The idea has some merit, but to think of it as competition for us is crazy," he says.

Compaq does believe the network serves an advertiser need, however.

Because Compaq markets its computers across a variety of industries, "It would be expensive and inefficient to go into each magazine individually," says Alan May, VP-associate media director, Ogilvy & Mather, Houston. "The network gives us one-stop shopping."

Compaq also uses the Penton Executive Network to reach engineering executives, Mr. May says.

Advertisers are free to choose any combination of network magazines as long as the buy reaches at least 1 million combined circulation based on Audit Bureau of Circulations and Business Publications Audit of Circulation.

The network expects to add another 10 to 15 publications—such as travel, household products, real estate, healthcare and medical—by month's end.

Cost-per-thousand ranges from $39.25 for a color page ad with at least 1 million circulation to $26.35 for a b&w page—$33.75 for color—with more than 3 million circulation. Network CPM is about 40% less than buying space in the individual magazines.

"Right now our prices are too low," says Mr. Metz. "Once we have a base, we'll be able to raise the

(Continued on Page S-6)

"I Didn't Know That!"

790,073 REALTORS®. *Each* with the Power to Make Independent Purchase Decisions.

This man didn't know that virtually every REALTOR® works as an independent contractor.

So unlike most other business people *each* REALTOR® has the power to make major business purchase decisions. That's 790,073 independent markets. Qualified markets for everything from office products to luxury automobiles.

And unlike many other business people, REALTORS® develop one-on-one customer relationships. So REALTORS® strongly influence the choice of many consumer services: mortgages, title insurance and more.

Only Real Estate Today® and REALTOR NEWS® reach *all* REALTORS®, members of the NATIONAL ASSOCIATION OF REALTORS®, giving them the information they need to make independent business decisions.

Find out more about this high-income entrepreneurial market. You'll be surprised, too.

Call 312/329-8296 today.

REALTOR®

Discover 790,073 New Markets: REALTORS®

Source: BPA December '88.

From ABA to VNU

McGraw-Hill Management Network participants include the following (circulation in parenthesis based on June 30, 1988 ABC/BPA circulation audits and publisher statements):

American Bar Association: *ABA Journal* (413,055)
American Institute of Certified Public Accounts: *Journal of Accountancy* (314,061)
Bill Communications: *Sales & Marketing Management* (66,896)
Chilton Co.: *Automotive Industries* (88,917); *Distribution* (74,735); *Food Engineering* (66,633); *Hardware Age* (77,282); *Jeweler's Circular Keystone* (42,451)
CF-VH Associates: *Corporate Finance* (56,977)
Dana Chase Publications: *Appliance* (32,950)
Family Business: *Fleet Owner* (124,801)
Gulf Publications: *Ocean Industry* (35,191); *Pipeline Industry* (30,711); *World Oil* (41,438)
Hanley-Wood: *Wood Builder* (229,607)
Hanson Publishing: *Direct*, (43,000); *Publishing News* (27,000)
Hitchcock Publishing: *Assembly Engineering* (85,238); *Machine & Tool Blue Book* (101,687); *Manufacturing Systems* (120,518)
Institute of Electrical and Electronics Engineers: *Spectrum* (295,390)
International Thomson: *Convenience Store Management* (117,971); *Toy & Hobby World* (24,791)
Independent Insurance Agents of America: *Independent Agent* (62,000)
Lebhar-Friedman: *Chain Store Age Executive* (37,265); *Discount Store News* (32,609); *Drug Store News* (46,870); *Nation's Restaurant News* (98,794); *Apparel Merchandising* (48,634)
Maclean Hunter: *American Printer* (102,698); *Coal* (32,887); *Engineering & Mining Journal* (34,625); *EP&P* (53,034); *Progressive Grocer* (93,666); *Textile World* (30,966)
McGraw-Hill: *Architectural Record* (83,822); *Aviation Week & Space Technology* (147,125); *Business & Commercial Aviation* (63,155); *Byte* (459,880); *Chemical Engineering* (71,868); *Data Communications* (63,695); *Electrical Construction & Maintenance* (103,684); *Electrical Wholesaling* (21,713); *Electrical World* (45,806); *Engineering News-Record* (102,137); *Modern Plastics* (57,199); *Physicians Financial News* (149,060); *Power* (63,036)
Simmons-Boardman: *ABA Banking Journal* (43,604); *Marine Log* (25,341); *Railway Age* (18,531)
Technical Association of the Pulp and Paper Industry: *TAPPI Journal* (37,078)
VNU Business Publications: *Electronic Design* (152,207); *Electronics* (110,456)

Foes ally

(Continued from Page S-4)

prices and share more [revenue] with the publishers."

The limitation on sales through the network can be frustrating for both buyer and seller.

A media buyer who handles two or more divisions of a diversified advertiser may be approached by a network-member magazine's salespeople as well as network sales reps, each offering a different page rate.

To avoid this kind of competition the network's seven-person sales force is instructed not to duplicate individual magazines' efforts; solicit business from an advertiser that has appeared in any of the magazines during the past year; or approach advertisers that have continuing relationships with a member magazine's sales staff.

Publishers that participate in the network are granted category exclusivity and receive a percentage of the revenue from any network sales. The percentage varies according to the size of the buy and the magazine's circulation.

"We saw it as a way to get added advertising revenues from an area that is not traditionally part of our client base.

"I felt that the demographics of our upper-echelon circulation would be attractive to advertisers, but the numbers we were offering [alone] weren't enough for the advertisers," says David Dreyer, VP-sales and marketing, *Progressive Grocer*.

"It's just gravy for me. We have one advertiser now, and we are hoping to get two or three per issue. That will bring a few hundred dollars more into the magazine," he says. ☐

Technology titles rake in revenue

Top business publications in gross ad revenue, ($000,000)

Rank/Publication	1988	1987	% change
1. PC Magazine	$105.5	$78.0	35.3%
2. PC Week	75.3*	72.3	4.2
3. Computerworld	51.4	51.9	-0.1
4. Restaurants & Institutions	39.7	39.9	-0.4
5. EDN	34.8*	30.8	13.0
6. Design News	27.6*	25.3	9.5
7. Advertising Age	26.9*	26.8	0.0
8. Electronic Engineering Times	26.8	22.7	17.9
9. Computer Reseller News	26.6	22.8	16.4
10. PC World	26.3	28.0	-6.3
11. Medical Economics	25.3	24.5	3.2
12. Mac User	22.8	11.9	91.1
13. Journal of American Medical Assn.	22.6*	19.5	15.7
14. Institutional Investor	22.3**	29.0**	-23.0
15. InfoWorld	20.7	16.7	24.0

Source: The Gallagher Report * Includes special editions ** Includes international, special edition pages

Circulation stagnates in business books

Top business publications in circulation, Dec. 1988

Rank/Publication	Total circulation	% paid	% non-paid	% change '87-'88 (total)
1. ABA Journal-Lawyers Magazine	393,427	92.7%	7.3%	3.0%
2. JAMA	358,916	74.4	25.6	3.9
3. American Medical News	356,470	2.6	97.4	4.9
4. Physicians' Travel & Meeting Guide	339,238	1.0	99.0	7.4
5. Top Shelf Barkeeping at its Best	300,353	—	100.0	—
6. Industry Week	300,183	0.6	99.4	-8.0
7. RN Magazine	284,817	95.5	4.5	3.0
8. Farm Industry News	270,436	—	100.0	—
9. CFO	251,109	—	100.0	—
10. Air Force Magazine	229,109	81.9	18.1	-5.5
11. New England Journal of Medicine	225,986	99.3	0.7	1.1
12. New Equipment Digest	213,099	—	100.0	2.2
13. Industrial Equipment News	211,376	—	100.0	0.6
14. Soybean Digest	204,791	—	100.0	2.0
15. Industrial Product Bulletin	200,055	—	100.0	0.0

Source: Business Publishers Association

Now, the secret of their success can be the secret of your success.

"We're very pleased with the results shown by the Regional Industrial Buying Guides. It's very seldom that an investment of such a small sum pays off so handsomely."
P. Robert Lynch, President
Micro Technology, Inc.
Allentown, NJ

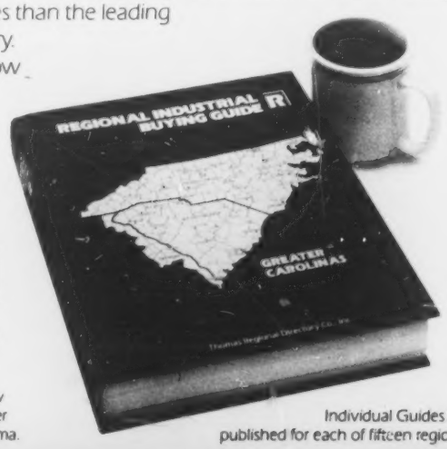
Thomas' Regional Industrial Buying Guides are working for suppliers in 15 leading industrial regions across the country. And now you can put them to work for you—with free listings and cost-saving advertisements.

Unlike all regional Business-to-Business Yellow Pages, each of our 15 regional directories is the single most comprehensive industrial sourcing tool available to buyers in a specific region.

And unlike all regional Yellow Pages, each of our 15 regional directories provide more useful industrial-oriented information. In fact, typically our directories contain nearly 5-times more industrial sources than the leading regional Yellow Pages directory.

But, unlike all regional Yellow Pages, our Guides are sent free upon request only to qualified buyers who purchase the types of products you sell.

To find out how the Regional Industrial Buying Guides can become the secret of your success, write or call (212) 594-7960. But don't delay. Word's getting out, and this proven sales generator is not going to be a secret for very long.



Individual Guides are published for each of fifteen regions.

REGIONAL INDUSTRIAL BUYING GUIDES R
Where a small investment brings big results.

Thomas Regional Directory Company, Inc., 330 West 34th St., NY, NY 10001 (212) 594-7960

Thomas' Regional Industrial Buying Guides are available in the following industrial trading regions: Eastern New England, Western New England, Greater New York, Western/Central New York, North Jersey, Capital Cities, Greater Delaware Valley, Greater Carolinas, Greater Allegheny, Ohio Valley, Northern Ohio, Greater Michigan, North Central Tri-State, Texas/Louisiana Gulf Coast and North Texas/Oklahoma.

Study counters bleak outlook, shows clients boost budgets

Surprisingly, TV shows biggest gain among media, survey of top business advertisers finds

Ad pages may be soft and the pressures on profitability constantly on the rise, but business publishing has little to fear, according to a just-released study by Frankel & Co.

The Chicago-based marketing services agency recently surveyed 101 leading business-to-business advertisers in industry categories such as communications, chemicals, computers and electronics, construction and building products and transportation.

"Often the acquisition cost is so high that a business-to-business marketer doesn't really start to see profits from a new customer until year two."

Dan Rose
Frankel & Co.

The findings show that more than 23% of respondents will spend more in both the specialized and general business press in 1989 than they did in 1988. Only 7% will spend less in specialized trade media; a scant 2.6% will decrease general business magazine spending.

Surprisingly, TV will post the biggest gain in 1989, fueled largely by budgetary increases among divisions with sales of $1 billion or more. More than 32% of all surveyed companies report their broadcast TV spending will increase. Only 16.1% will back away from the medium, leaving it with a net gain of 25.6%.

The Nos. 2 and 3 media in terms of net gain are general business magazines and specialized trade media at 20.5% and 16.3%, respectively.

However, the specialized business press is the undisputed budgetary king. The surveyed companies channel 27.4% of their budgets into trade advertising. TV and exhibits and trade shows follow with 12.5% and 9.2% of budgets, respectively.

Indicating the entire discipline's health, 38.4% of survey respondents increased their business-to-business marketing budgets in 1989 vs. 1988, while only 12.1% reduced spending. A substantial 29% boosted their business-to-business budget in relation to their consumer marketing budget; only 7% reduced business-to-business dollars vs. consumer-oriented activities.

As a percentage of total sales, budgets remained the same in 1988 vs. 1987 at 2.5% and 2.4%.

The reason to become more involved in business marketing clearly is to get more out of current customers. More than 43% of the respondents rated increasing the value of existing customers as more important to their business than increasing the number of customers, which was more important to 30.7% of respondents.

"It's a jungle out there when it comes to obtaining new customers," says Dan Rose, Frankel's VP-management representative and director of direct-response marketing. "Often the acquisition cost is so high that a business-to-business marketer doesn't really start to see profits from a new customer until year two. So it's critical that they keep their current customers," and pay close attention to their needs.

Other business-to-business marketing strategy trends reported by respondents include emphasizing product quality and not price as a point of competitive differentiation; shifting to greater use of promotional strategies such as premiums and giveaways, value-added merchandising packages and product sampling; and stepping up direct-marketing activities to provide accountability for marketing efforts. ☐

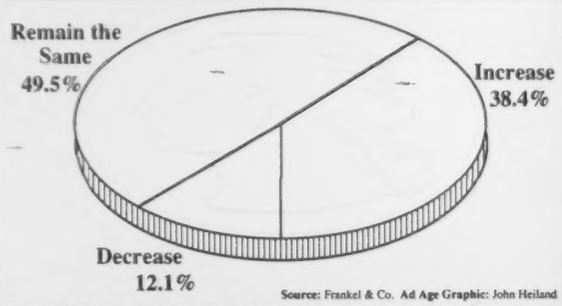
Business-to-business campaigns take to the tube

During 1989, television advertising, advertising in general business magazines and print advertising in specialized trade media are the activities expected to increase the most in relation to 1988 budgets.

	Increase	No change	Decrease	Net Change
Television advertising	32.3%	51.6%	16.1%	25.6%
Advertising in general business magazines	23.1	74.3	2.6	20.5
Print advertising in specialized trade media	23.3	69.7	7.0	16.3
Dealer & distributor support	14.3	85.7	0	14.3
Advertising in newspapers	17.2	79.3	3.4	13.8
Public relations & publicity	17.6	76.5	5.9	11.7
Radio advertising	18.8	71.9	9.4	9.4
Exhibits & trade shows	16.4	76.3	7.3	9.1
Catalogs/directories	11.4	85.7	2.9	8.5
Sales meetings & incentive programs	16.7	72.2	11.1	5.6
Sales collateral	11.1	80.6	8.3	2.8
Cable TV advertising	25.0	50.0	25.0	0
Business oriented sales promotion	13.0	74.0	13.0	0
Co-op advertising	10.5	73.7	15.8	-5.3

Source: Frankel & Co. **Advertising Age graphic:** John Hall

1989 Business-to-business marketing budgets will:



Source: Frankel & Co. **Ad Age Graphic:** John Heiland

Diagnosing new titles: Medical and computer books surge

Taking the pulse of 1988 business press launch activity shows that publishers felt their best chances of success were in the medical and computer/technology industries.

Mirroring what Terrance McDermott, president of Cahners Publishing Co.'s Magazine division, calls an unflagging interest in those categories *(See story on S-3)*, publishers introduced more titles in the medical or computer/technology categories than in any other industry categories.

An analysis of *Folio*'s listing of 1988 launches shows 15 new publications were launched in each of those two categories. Building construction/supply/design-related titles followed with nine additional publications last year. Other categories showing strong activity included communications and business administration.

A look at the 1989 introductions listed in *Folio* indicates a range of categories are piquing publishers' interest.

Technology, however, again appears to be setting the pace this year both in terms of the number of new entries and in attracting advertising.

1989 launches lean toward technology

Title	Publisher	Circulation	Frequency	Annual subscription price	B&W page rate	Ad pages *(May issue)*
May						
Electronic World News	CMP Publications	32,000	monthly	non-paid	$4,995 (intl.)	44
Salon Biz	Canon Communications	47,000	monthly	non-paid	5,900	16
Sports Travel	Murdoch Magazines	25,000	monthly	non-paid	4,500	28
April						
Asia Pacific Aerospace	Asian Business Press	14,000	monthly	$54	3,630	NA
March						
Plastics News	Crain Communications	60,000	weekly	$20	5,740	14
Selling Space	JB&ME Publishing	4,000	monthly	$50	900	8
Home Healthcare Dealer	Curant Communications	12,000	every other month	non-paid	1,395	34
Automotive Electronic News	Fairchild Publications	32,000	twice monthly	non-paid	3,150	17
Body Copy	Breznau Publishing	20,000	every other month	$20	2,500	23
February						
Computerworld Focus on Integration	CW Publishing	135,000	every other month	$44	13,500	35
Contemporary Urology	Medical Economics	9,000	every other month	$45	1,195	32
Voice Processing Magazine	Information Publishing	10,000	every other month	$24	1,270	24
Golf Course News	United Publications	20,000	9 times annually	non-paid	1,490	22
January						
Aquatics	Communication Channels	30,000	every other month	non-paid	3,300	18
Pre-	South Wind Publishing	40,000	quarterly	non-paid	3,650	25
MacTech Quarterly	TechAlliance	20,000	quarterly	$21	2,000	50
Microwave Product Digest	Octagon Communications	40,000	every other month	non-paid	2,100	58

Source: Advertising Age; Folio

KIWANIS MAGAZINE

KIWANIS MAGAZINE DELIVERS A UNIQUE, QUALITY AUDIENCE OF TOP EXECUTIVES, SMALL-BUSINESS, PROFESSIONAL AND COMMUNITY LEADERS.*

36.8% serve on one or more companies board of directors.
79.3% make purchasing decisions/have purchasing influence for their firms
Median company size is 35.6 employees

Kiwanis magazine is published ten times annually (monthly, except July and December).
ABC Audited Circulation (six months average for period ending 12/31/88 - 282,126).

SPECIAL SMALL BUSINESS EDITORIAL REPORT: SEPTEMBER 1989 EDITION. Deadline for space - Monday, July 10; for camera-ready printing materials - Tuesday, July 25.

For more information on this unique, quality Small-Business Market Segment, please write or call:

KIWANIS MAGAZINE
3636 Woodview Trace
Indianapolis, IN 46268-3196
(317) 875-8755
FAX (317) 879-0204
Telex/TWX 810-341-3471

*Source for all readership data: A.C.M.S., Scarsdale, New York, 6/87, Subscriber Study Report. Complete copy available upon request

Europe maze befuddles U.S. players

By Curt Schleier

As trade barriers in Europe tumble, U.S. advertisers are finding another remains in place. Companies that want to advertise in European trade media find the going surprisingly difficult.

Trying to place ads for clients entering the international market, Mark Anderson, president of his own Arlington Heights, Ill.-based business-to-business agency, discovered unexpected hurdles.

Foreign publications do not provide the kinds of circulation and audit information that U.S. marketers use to make media placement decisions, Mr. Anderson says. They also do not provide the advertiser support—such as reader service cards—that are standard in U.S. magazines.

"Publications in the U.S. really do a good job. They provide all kinds of information to demonstrate their value to our clients," Mr. Anderson says, further suggesting that U.S. publications should invade other markets for both their clients' and their own benefit. "They need to be able to provide global-integrated service to the industries they serve."

It's a suggestion not lost on U.S. business-to-business publishers. Many are moving to fill a perceived editorial and advertising vacuum in the international marketplace.

Although no specific figures on the number of publications that have gone "global" are available, industry observers sense that the pace is quickening.

According to U.S. publishers, their overseas counterparts are not attuned to the needs of the U.S. marketplace. Not only do they perpetuate the logistical problems Mr. Anderson describes, they also possess a very parochial editorial view, according to U.S. publishers.

Fortune Publisher Jim Hayes says foreign publications "provide no information, no back-up support. Even if you ask them for a copy of the magazine, they get all huffy."

"I think [Mr. Hayes' statement] is a dangerous generalization," says Derek Bowden, media director for Saatchi & Saatchi, London.

In some countries, "it becomes more difficult to do business. You have to cope with unaudited statements, publishers' statements, publishers' lies," he says.

But, that's changing, particularly in the U.K., West Germany and France, Mr. Bowden says.

"Advertisers and agencies want guarantees, and as a result our business overseas is picking up."

Joe Foley
Business Publications Audit of Circulation

According to Business Publications Audit of Circulation President Joe Foley, "Advertisers and agencies want guarantees, and as a result our business overseas is picking up." Business-to-business magazines in Belgium, the U.K. and West Germany increasingly are audited.

In 1989, requests for audits of foreign publications have increased 20%—10% from Western Europe and the U.K., and 10% from Asia—says Maxx MacConnachie, senior VP-general manager for BPAC.

More requests are coming from foreign publications than U.S. publishers overseas. "These requests are being pushed by agencies and advertisers," Mr. MacConnachie says. While there are auditing organizations overseas, "they are not as sophisticated as U.S. advertisers expect," he says.

With or without problems, U.S. publishers contend there is room for publications with a global outlook.

"All of us tend to think of Europe as a single entity—and it may become that," says Robert Lydon, president and CEO of VNU Business Publications.

"But at present, it's really a number of smaller national markets served by national publications. U.K. business-to-business publications think of themselves as publications for the U.K.—not a European publication," he says. "The same is true of the Germans, the Italians, the French. They don't think outside their borders."

Another issue is the lack of information made available by international publications on the industries they cover. "Yet what's happening in Tokyo is as important as what happens in their own countries," says Kenneth Cron, CMP Publications' VP-group publisher of electronic and computer publications.

Determining which industries are particularly ripe for globalization "really depends on the marketplace and the kinds of products and industries served by the magazine," says Earl Moore Jr., VP-international for *Business Week*.

"It's industries that have a common currency or common standard," says Mr. Bowden. "Industries like banking, financial services, advertising, computers, electronics."

Adds CMP President Michael Leeds, "Part of it comes with having powerful publications in industries in which everyone speaks English."

Locating a predominantly English-speaking readership seems key, because many publications entering the international market are published in English.

One exception is IDG Communications, which produces more than 100 business-to-business magazines worldwide, all in the information-processing industry.

"People want to read a publication in their own language," says Ellen Levin, IDG's eastern marketing manager. IDG's first U.S. publication, *Computer World*, launched in 1967, expanded to West Germany in 1974, then into Eastern Europe and the Pacific Rim.

IDG offers advertisers discounts for multiple country orders as well as translation and culturization services for a one-time charge of 15% of the space rate.

"What's happening in Tokyo is as important as what happens in their own countries."

Kenneth Cron
CMP Publications

However, "Most of the major players want the opportunity to communicate in a single voice, and that voice is English," says Paul Mazzacano, group publisher of VNU's electronics magazines.

VNU's approach to the global market was to expand the controlled foreign circulation of two of its books in June 1988. The overseas circulation of *Electronic Design International* was boosted from 15,000 to 40,000, about 21% of its total 195,000 circulation. *Electronics*' foreign circulation was increased to 30,000 from 20,000, out of a total circulation of 85,000.

CMP has taken a different approach. Its *Communications Week International* is a brand extension of its domestic *Communications Week*. Similarly, *Electronic World News*, which premiered last month with 44 ad pages, almost double the initial estimate, is an extension of *Electronic Engineering Times* and *Electronic Buyers News*.

But, says Mr. Leeds, they're not just domestic publications in international clothing. "They have different staffs, different editorial coverage and different styles."

McGraw-Hill, publisher of *Aviation Week*, also publishes separate English-language editions of domestic magazines. Two of them, *Modern Plastics International* and *Data Communications International*, are published in Europe.

"Publications in the U.S. . . . need to be able to provide global-integrated service to the industries they serve."

Mark Anderson
Mark Anderson Associates

While English-language editions may work for McGraw-Hill, Bob Krakoff, president-chief operating officer of Cahners Publishing Co., contends English may be economical to start, "but if you want real penetration, eventually you've got to go to the local language."

This is particularly true in the Orient. Cahners expanded the international circulation of both *EDN* and *EDN News* and continued to publish them in English. When it entered China, however, it published in Chinese.

It's ironic that the European publishers purchasing U.S. companies are not leading the march toward globalization.

Mr. Krakoff says the purchase of U.S. publications by European companies "has much more to do with the vitality of the U.S. market than the issue of globalization."

Mr. Lydon reports that he has met with representatives of some of the company's European publications to discuss possible networking opportunities. "We've been able to do some things editorially. But we have zero cooperation in terms of ad sales. They have no interest in our representing them and continue to rely largely on advertising sales within their borders," he says.

It's too early to tell the impact of a united Europe in 1992, but "the world is getting smaller and smaller, and the need for information is growing," says Walter Serwatka, president of McGraw-Hill Information Services. □

Curt Schleier is a free-lance writer based in New Jersey.

Young buyer

(Continued from Page S-2)

Edgell Communications' Chairman-CEO Robert Edgell calls the safe harbor strategy: Buy the big books with the big numbers.

The other side of the argument comes from full-service agency media buyers, who contend blaming the industry's problems on the demise of the specialist buyer is naive.

The specialist, often working alone, was more narrowly focused and inclined to think in terms of what-ads-where, ignoring alternative media that were making inroads into business-to-business prospects, they say.

"It was kind of by rote," says Della Femina, McNamee WCRS Exec VP Allen Clark.

By bringing buyers together with creative and account execs, the agency seeks the best media mix for the client's marketing goals, he says.

Trade publishers have been slow to respond to the new competition from other media. "It's the same thing the networks have faced for years; it was no longer the Big 3. It's no longer trade magazines competing against trade magazines," says Regis Napolitano, media director, Fahlgren & Swink, Atlanta.

Options run from specialized radio networks to cable, and increasingly to consumer business publications and network TV.

Despite this, Ms. Napolitano says, trades have not appreciatively sharpened their sales approach. She still hears: " 'Our magazine reaches the market and your client ought to be in it,' without any data on duplication or sophisticated readership figures. Clients just aren't buying that anymore."

"[Business specialists] looked at more than just numbers," says Michael Speciale, of Spencer Bennett Nowak.

To blame the junior buyer is merely scapegoating, agency people say. The decision to advertise in trades is made at a higher level by senior media planners and account execs, and quite often directly by the client, say Mr. Clark and Ms. Napolitano. The junior buyer's role is restricted to picking among the trades once the plan is formulated.

Although clients' marketing and sales departments may argue for the trades, the ad department is more likely to argue a consumer approach using image ads, Mr. Clark says.

In the past, top executives were inclined to favor the trades, both because of their direct reach to customers and because they identified the magazine with their industry, read them and often were quoted in them. But that is changing, says Ms. Napolitano. There is a growing awareness, backed by research, that purchase decisions are heavily influenced by customers' top management.

Now even those selling products regionally are opting for image advertising, unheard of a few years ago. They are deciding "they need to reach a more horizontal target. That leads naturally to the fact that some of the budget is going to be taken away from trade books," she says.

"We may spend just as much money [in trades], but we use fewer books," Ms. Napolitano says. "We use what we feel are the very best books, and we put more money into those books." □

Kiwanis Magazine Can Increase Your Coverage Of Small Business

KIWANIS magazine delivers a unique, quality audience of small-business, professional and community leaders at very low and reasonable advertising rates.

We can add REAL, NEW REACH to your ad schedule with an important, but often overlooked, small-business market segment.

79.3% of our BUSINESS readers make purchasing decisions/have purchasing influence with their firms, but...

92.2% don't read INC.
96.3% don't read NATION'S BUSINESS
93.3% don't read FORTUNE
86.3% don't read BUSINESS WEEK

SPECIAL ISSUE commemorating our 75th Anniversary will be published January 1990.

"Source: A.C.M.S., 6/87 "Readers In Business." Complete Subscriber Study Report available upon request

For additional information, call or write:
Advertising Dept., Kiwanis International, 3636 Woodview Trace, Indianapolis, IN 46268
Phone: 317/875-8755 Telex: TWX 810-341-3471 FAX: 317/879-0204

From cruises to casbahs . . .

The exotic business party is the place to make an impression as attendees attest

By Lenore Skenazy

Who says business and pleasure don't mix? Certainly not the party-going folks we spoke with, who are quoted below.

Like most savvy business people, our interviewees have attended plenty of parties where the dealing and dancing mixed as smoothly as Kahlua and cream.

More impressive than that old standby, the business lunch, business parties also are a more efficient business-to-business marketing tool. In one soiree they can introduce a new item, thank hundreds of old customers and/or win new business. Lots of it.

A really great party gets talked about for years, as you'll see. We asked people from across the spectrum: What's the best business party you've ever been to?

Colleen Beatty, director of advertising, Sams/Miller Productions (producer of "Rollergames"), Los Angeles.

"*Forbes* magazine took a group of media directors via private jet—'The Capitalist Tool'—from Los Angeles to New York for a dinner cruise aboard 'The Highlander,' and then put us up at the Plaza. The next day they toured us through the Forbes galleries and flew us home.

"Also, The Wave—the radio station in Los Angeles [that premiered] the New Age formula—dumped quite a lot of money into sending us to Hong Kong for 10 days. We toured China, we shopped, we drank, we danced, they had these theme parties for us every night."

Pat Spilker, VP-spot broadcasting, Backer Spielvogel Bates, New York.

"CBS gave a great party seven or eight years ago at the World Trade Center. They had what they called, 'Foods of All Countries'—a station for Mexico, Italy, France. It was a great idea.

"ABC has always done a nice preview party, but [the best was] a country & western theme at the Waldorf. You could have your picture taken like an Indian and things like that; somehow they managed to highlight their programming at the same time."

Roz Rubinstein, president, RR&J Advertising, Sonoma County, Calif.

"The party that really stands out for me was thrown by Yves St. Laurent about 1979 at the 79th St. Boat Basin [in Manhattan].

"There were models and designers and everyone was dressed beautifully. They had rock and classical music, and a big fountain—it was like being in a small Central Park."

Irv Thomas, director of international publishing, *Journal of the American Medical Assn.*, Chicago.

"The best party? Well it was in Marrakesh! It was thrown by a medical publisher, ESI Stampa Medica, Milan, [as part of] a get-together the publisher has annually for his staff, advertisers and guests.

"The last night, I would describe it as a Cecil B. DeMille extravaganza with—and I use the term glibly—a cast of thousands.

"It was in the open-air courtyard of an Arabian Nights-type complex. We saw an hour and 45-minute ex-

travaganza of parades and fanfare with hundreds of horses and riders in native dress galloping by—like 'Lawrence of Arabia.' It was followed by an extravagant, multi-course dinner and Arabian music."

Jim Pressman, president, Pressman Toys, New York.

"One party I went to some years back was at what used to be Durona Studios in New Rochelle. Now they're called Firehouse Films. They do a lot of TV commercials for the toy industry and everybody else.

"He [owner Johnny Sturner] has a two-floor studio and he converted the bottom floor into a 1930s, top hat/white glove piano bar, like something out of a Humphrey Bogart movie. And he had a swing band upstairs. There were appetizers, champagne and a buffet dinner."

David Buckley, media director, L.A. Gear, Los Angeles.

"At the time I was with Ramey Communications, now known as Ramey Rudd, Los Angeles, the best party was one that *Woman's Day* threw inside our agency. They brought their own caterers—white-gloved service—and had French food, French wines and cheeses.

"The publisher came with the reps, and it had a very homey feel to it. You got to know a lot about the magazine. [They invited] the creative and account people. It got away from the big bang/dry chicken routine."

Gary Kusin, president, Babbage's specialty software retailer, Dallas.

"Mindscape [software], in Northbrook, Ill., had a rock 'n' roll party a few years ago with a bunch of groups—The Spinners, Chuck Berry, The Coasters. Well, if it wasn't the Spinners it was the Shirelles—all these groups from the old Wall of Sound from Detroit. They had a nightclub booked for the occasion and served neat food: hot dogs, watermelon and ice cream sundaes for dessert. Did we dance? It was awesome." □

REACH THEM WITH WG&L ACTION CARD DECKS.

Warren, Gorham & Lamont's Action Card Decks offer a unique opportunity to reach affluent, top-ranking professionals and business executives...all proven direct mail buyers who've spent up to $2,400 per order through the mail. They buy for their companies—and with a mean income of $80,000 they're great prospects for consumer goods and services as well. You can reach over 700,000 of these quality names for less than 2¢ per contact...and you have 8 specialized segments to choose from:

Only firms that meet WG&L standards get into a WG&L deck—a name our audience knows and respects, and direct marketers have relied on for over a decade.

- Accounting WG&L Action Cards—105,000 names
- Banking WG&L Action Cards—115,000 names
- Computer WG&L Action Cards—50,000 names
- Law WG&L Action Cards—100,000 names
- Personnel WG&L Action Cards—65,000 names
- Practical Accountant WG&L Action Cards—60,000 names
- Real Estate WG&L Action Cards—105,000 names
- Tax WG&L Action Cards—110,000 names

For a complimentary media kit or further information about any of the Action Card Decks, contact:
Catherine Rogers, Card Deck Division
Warren, Gorham & Lamont, Inc., One Penn Plaza, 42nd Floor
New York, NY 10119 (212) 971-5000

Member of DMA Card Pack Council

WG&L ACTION CARD DECKS

Squeeze is on

(Continued from Page S-1)

Stamford, Conn.

"Ideally, any negotiation should result in a win-win situation. With rate negotiation, only the client wins," he says. But the victory is short-lived, Mr. Sinha adds, saying marketers won't benefit from placing ads in deteriorating titles.

Buyers already are having difficulty evaluating editorial quality and conflicting claims, Mr. Marino says. "As a result, they may not be buying the best books, and they'll make it difficult for the best to remain the best."

To keep from being forced into rate negotiations, large publishers are fighting back with value-added programs.

"If we must deviate from the card, we would prefer to offer additional services rather than discounting or rebating," Mr. Marino says.

Penton uses its printing plant, direct marketing and learning systems operations, research department and ties to a Tampa, Fla., convention center to offer additional services without slashing rates.

"We pay a great deal of attention to strong merchandising support," says Mr. Comiskey. But programs that encourage advertising based on growth or published discount packages are being emphasized, he says.

Some executives don't differentiate between rate cuts and value-added programs. "It's all the same thing," says Charles Cleworth, outgoing chairman of the Association of Business Publishers and president-ceo of RCR Publications.

He suggests publishers should be more creative, working with advertisers on programs that will increase their business but may cost them money.

"The advertiser must bear his fair share of the expense," Mr. Cleworth says, calling rate cutting "the most erroneous way to grow market share I've ever seen.

"We ought to say this is wrong. Let's just publish our rates and increase them as the cost of living goes up, and let's put on the cover of our rate cards that advertising is sold only at earned published rates," he says.

Those able to take the high road claim rate cutters will suffer when the shakeout occurs. "The rate cutters, it will come back to haunt them," says Mr. Borowsky. "It might be a short-term solution but there's no long-term viability."

CMP Publications' President Michael Leeds agrees: "The weak publications will disappear. Those that go for the quick fix will have momentary success, but in the end, advertisers will go where they get the best results. Ultimately, the quality publications will survive and flourish." □

"If rates are being negotiated, other areas of the magazine will have to absorb those declines in revenue."
Dan Comiskey, *Building Supply Home Centers*

"The advertiser must bear his fair share of the expense. [Rate cutting is] the most erroneous way to grow market share I've ever seen."
Charles Cleworth, RCR Publications

Associate Editor Pat Gray Thomas coordinated this report on Business to Business Advertising.

Coming

Next week ADVERTISING AGE will cover 100 years of *The Wall Street Journal*. On June 26, AA will present its annual report of the Top 100 Media Companies.

MediaWorks

LAUNCHING PAD

Media buyers praise 'Mirabella'

New publication launches.

The curtain is up, and the first reviews of Murdoch Magazines' new women's fashion magazine, *Mirabella*, are coming in from the agency media-buying community.

So far, so good.

In this "MediaWorks" sampling of media buyer reaction, Publishing Director Grace Mirabella and the Murdoch Magazines team get high marks for the June premiere edition.

Skeptical buyers, used to publishers that promise the world in hyping new titles, called *Mirabella* "a pleasant surprise."

Some said the first issue is a good start at carving a niche in the already supercompetitive fashion magazine category, where it faces *Elle*, *Vogue*, *Harper's Bazaar*, *Glamour*, *Mademoiselle* and newcomer *Lear's*.

Mirabella's design and editorial quality drew praise. "Magnificent," said one agency executive, who added his agency is "putting some money where our opinion is."

Mirabella's editorial was "fresh," said another buyer, but "not as youthful as some of the fashion books right now, and I kind of liked that."

Here's how *Mirabella* stacked up with these senior New York agency media executives:

Bob Zach, VP-New York media director, Chiat/Day: "I was very impressed with the editorial quality, the design. The whole aesthetic appearance of it was magnificent. Even the advertising they secured for the initial issue was a reflection of excellent quality.

"Based on that initial impression and the statistics they're talking about in terms of producing a couple of hundred thousand copies in excess of the rate base for the first few issues to get it out there, we decided to place a schedule for American Express with them. We're putting some money where our opinion is.

"It's certainly going to appeal to upscale, affluent women. They're marketing against a niche in that

Mirabella
START UP!
WITH DIANE SAWYER, HAL PRINCE, MARC JACOBS AND MORE
EXCLUSIVE: SENSATIONAL NEW JOSEPHINE BAKER BIOGRAPHY
LOOK GOOD, FEEL BETTER
EIGHT CLOTHES IN WRONG PLACES
HOLLYWOOD WIMPS
REPORTERS UNDER THE BED
SWIMWEAR '89
FRANK RICH'S CHICAGO
THE DIRT ON CAROLINE KENNEDY
MYSTIC OF THE MONTH
PARIS, MILAN, NEW YORK: RUNWAY REPORT

They had some difficulty in articulating precisely what the editorial direction of the magazine was going to be. Now I understand why. It really is different . . .

—Claude Fromm

30-to-45-year-old marketplace that has somewhat of a void. *Lear's* picks it up on the top end, but there is a need to get beyond the *Glamours* and the *Vogues* and this takes it a bit beyond. It's not just fashion; it has some meat to it."

Claude Fromm, senior VP-media director, TBWA: "It was a pleasant surprise. Lots of publishers come in and promise the world and then don't live up to it. They delivered on what they said.

"When they came in, they had some difficulty in articulating precisely what the editorial direction of the magazine was going to be. Now I understand why. It really is different from the magazines that are out there.

"They did a terrific job graphically, and the editorial was really good. I was very impressed with the makeup of the book. It flows very nicely. There's definitely room in the marketplace. I think they're going to be successful."

Nancy Smith, senior VP-director of media services, Young & Rubicam: "It looks very nice. It's a great showcase for fashion advertising, very beautifully done. But it's going to take some time for the real editorial product to take a final shape. It's going to need much more than a year to see what happens on the consumer and the advertiser side.

"The financial backing is surely going to be there, and the woman behind it [Ms. Mirabella] has all the credentials. It has a lot going in its favor. It's visually stunning. It's a wonderful place to look at good fashion advertising. Some of the editorial was a little lengthy, but I expect there'll be an evolution of the editorial and its focus."

Paul DuCharme, VP-director of print media, Grey Advertising: "It exceeded expectations because they didn't give us much [information] during their sell-in. I was more than pleasantly surprised when I received it. From a marketing standpoint, it was well thought out; however, I'd rather see a reader-driven book than a marketing-driven book, and I was pleased to see they were able to do both.

"The production was first-class. It was a striking cover for a first issue. With the heavy tonnage of ads they got for this initial issue, they did a great job in integrating it. The editorial was probably their strongest feature. While it was fresh, it wasn't as youthful as some of the fashion books right now, and I kind of liked that.

"It's up to the reader now. We'll see how well they do a couple of months hence and whether the reader picks it up or whether *Elle*, *Vogue* and *Harper's Bazaar* are positioning themselves better. I suspect it's going to do very well.#

Written by Scott Donaton.

BROADCAST-INC.

An analysis of editorial and business developments in broadcasting.

The 15-second commercial. Could it be that network TV advertisers' ardor for the 15-second commercial has cooled?

NBC-TV President Pier Mapes told NBC affiliates recently that the use of :15s on network TV has slowed. Further checking by NBC, however, showed Mr. Mapes was comparing a single week in March to the same week in 1988.

The Television Bureau of Advertising, from data supplied by Broadcast Advertisers Reports, offers a different picture.

TvB's most recent report on the number of :15s airing on all three networks shows a steady increase in the unit's use, despite seasonal variations *(see chart)*.

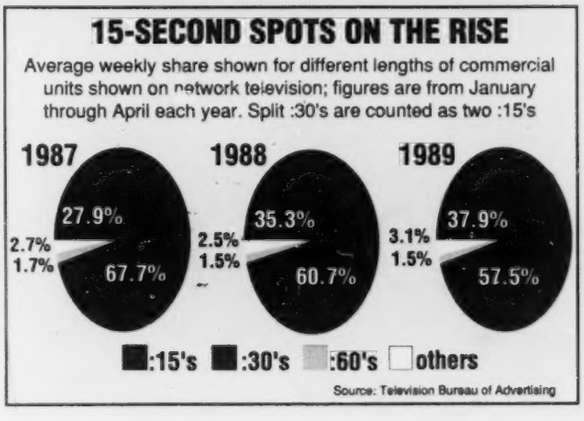
The :15s accounted for 30.9% of all commercials in 1987 (27.9% in the January-April period), 36.6% in 1988 (35.3% in January-April) and 37.9% of inventory used in the January-April period of 1989.

Compute this. The race to buy and sell media by computer is heating up. While Info-Edge Corp. is testing its Hot-Net service, Telmar Group launched MediaQuote June 1.

MediaQuote President Harry Appel said the idea is to help media sellers by faxing media availabilities to 1,000 ad agencies and advertisers and providing buyers with an on-line computer service tracking the same avails.

The seller pays $7,500 annually for 24 listings on-line and by fax. Users include *U.S. News & World Report*, Family Media, Catalog Media Corp. and cable channels Financial News Network and Movietime.#

Written by Wayne Walley.



TRACKING SHARES

Daytime TV games may be played out

A ratings and demographic analysis of TV programs.

Game shows, once the most inexpensive, sure-fire moneymakers for ABC, CBS and NBC in the daytime daypart, aren't extinct, but they're losing ground fast to soap operas and talk shows.

ABC no longer airs any daytime games. NBC recently gave up on "Wheel of Fortune," switching to CBS this summer, and betting observers wager NBC will opt for more soap operas. CBS could become the last network daytime game show programmer.

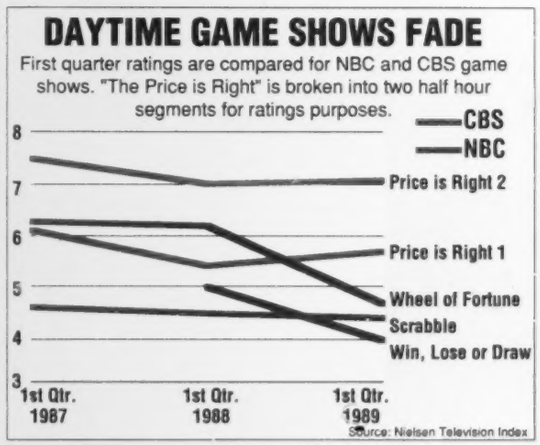
"Tracking Shares" this week compares daytime network game shows.

"The Price Is Right" (CBS). Some people believe game shows eventually tire. Not "The Price Is Right." Finishing its 17th season, the hourlong program is still king of daytime game shows. Its second half-hour, listed as "The Price Is Right 2" in the ratings report and featuring the day's showcase prizes, doubles the household audience of any of its game competitors. It consistently cracks the top 10 in daytime ratings and as late as 1987 battled the soaps for the top daytime ratings spot. "The Price Is Right 1," the first half-hour, is now second only to "The Price Is Right 2" in game show ratings.

Ratings—(six-week average for 4/17-5/22) 4.7 ("The Price Is Right 1"), 6.0 ("The Price Is Right 2").

Demographics—(the first rating is for "TPIR 1," the second for "TPIR 2") (six-week average) Women (18-34) 2.4, 3.0; (18-49) 2.3, 2.8; (25-54) 2.4, 3.0. Men (18-34) 1.3, 1.7; (18-49) 1.2, 1.5; (25-54) 1.2, 1.4.

"Family Feud" (CBS). Daytime TV's "Family Feud," as the leadoff for the CBS daytime schedule, is beating "Scrabble" on NBC, but the numbers are nowhere near the days when game shows earned ratings of 4.5 to 6.0 in the same time period.



Ratings—(six-week average) 2.9.

Demographics—(six-week average) Women (18-34) 1.7; (18-49) 1.6; (25-54) 1.8. Men (18-34) 0.6; (18-49) 0.6; (25-54) 0.7.

"Scrabble" (NBC). If NBC can give up on "Wheel of Fortune," the future of "Scrabble," banished to the leadoff slot in the network's two-hour game block, could also be in doubt.

Ratings—(six-week average) 2.2.

Demographics—(six-week average) Women (18-34) 0.8; (18-49) 0.9; (25-54) 1.2. Men (18-34) 0.5; (18-49) 0.5; (25-54) 0.5.

"Classic Concentration" (NBC). A familiar name can help draw viewers and affiliate clearances, and such is apparently the case here. "Classic Concentration" has become one of NBC's best-rated game shows, even if that isn't saying much.

Ratings—(six-week average) 3.1.

Demographics—(six-week average) Women (18-34) 1.2; (18-49) 1.3; (25-54) 1.5. Men (18-34) 0.6; (18-49) 0.6; (25-54) 0.6.

"Wheel of Fortune" (NBC; CBS effective summer '89). Anyone doubting host Pat Sajak's appeal need only look at the ratings. The evening syndicated version of "Wheel" has lost some viewers but is still the top-rated show in syndication. Viewer loss is more serious at the daytime network "Wheel," with former pro football player Rolf Benirschke replacing Mr. Sajak. The first-quarter 1989 rating under Mr. Benirschke was 4.7; a year earlier, under Mr. Sajak, it was 6.2.

Ratings—(six-week average) 3.2.

Demographics—(six-week average) Women (18-34) 1.2; (18-49) 1.4; (25-54) 1.7. Men (18-34) 0.6, (18-49) 0.6; (25-54) 0.6.

"Win, Lose or Draw" (NBC). Syndicated success doesn't always translate to daytime network success. This is another example. The half-hour celebrity-based game show is up against "The Price Is Right 2" and could be another loser if NBC continues to phase out its games.

Ratings—(six-week average) 2.8.

Demographics—(six-week average) Women (18-34) 1.3; (18-49) 1.5; (25-54) 1.6. Men (18-34) 0.6; (18-49) 0.6; (25-54) 0.6.#

Written by Wayne Walley.

East NewsWatch

BALA-CYNWYD, PA.—**Prism** cable TV network is playing devil's advocate, slating a second flight for a controversial spot that broke in May. Set in heaven, the spot stars St. Peter as spokesman. CBS affiliate WCAU-TV refused to run the spot; NBC and ABC affiliates ran it with a contingency that it would be pulled if viewers complained. The spot is first creative from McAdams, Richman & Ong, which replaced Earle Palmer Brown & Spiro, Philadelphia, on the $1 million account.

MIAMI—**Carnival Air Lines** this month will launch a six-month print and radio campaign introducing its non-stop, round-trip charter jet service. The service begins June 17 between eight U.S. cities and Carnival's Crystal Palace Resort & Casino in Nassau. McFarland & Drier handles the $4 million campaign, which includes promotions.

BRIDGEPORT, CONN.—**People's Bank** is out to prove that it really is people's bank, with a series of eight TV spots featuring bank customers discussing any topic they like. The campaign, themed "If you think it's important, we do too," finds customers discussing everything from beekeeping to bird-collecting. Past campaigns were product-specific. TBWA, New York, handles.

FRAMINGHAM, MASS.—**Oh Yes!**, a new dry-cleaners chain, awarded its $250,000 account to **DiBona, Bornstein & Random**, Boston. Oh Yes! by yearend will open 20 stores charging one price, $2.99, for any garment.

LANCASTER, PA.—**Lancaster Ad Club** awarded Best of Show to **Charles Haldeman Advertising** and **Centennial Graphics** for a poster for furniture maker Kai Pederson, New Holland.

St. John's University

SECOND ANNUAL

SCHOOL FOR ADVERTISING RESEARCH

NEW YORK CITY
Queens Campus
June 26–29, 1989

Why a School for Advertising Research?

Advertising expenditures have surpassed $120 billion; tracking advertising effectiveness has become very complex; your executives have to manage scanners, people meters, cable TV....

The School will teach them how to get actionable answers for informed marketing decisions.

Who is the Faculty?

Seventeen senior experienced practitioners from leading advertisers and major agencies.

Who Should Attend?

Executives earmarked for leadership roles in your marketing or advertising department.

For information call:
Dr. Eberhard Scheuing
(718) 990-6161

FOCUS ON MEDIA VENTURES

Rewriting delivery

(Continued from Page 12)

ter for publications that publish less frequently and that offer readers exclusive information, said Bill McCue, president of Public Fax, the Orange, Calif.-based publisher of *A Matter of Fax*, a trade magazine for the fax industry.

There are about 100 million potential fax buyers in the U.S., Mr. McCue said, predicting "a fax device in every home within eight years."

Gannett Co. is delivering information via telephone hot lines, fax and computers *(see accompanying story)*.

"We are extending the reach of *USA Today*," said Phil Fuhrer, VP of Gannett New Media. Gannett soon will launch a faxed preview edition of the next day's paper, via MCI.

Despite the proliferation of faxed publications, some question their viability for advertisers.

"If ads are built into it, and the receiver's paying for the newspaper, there is a potential negative reaction. . . . There may or may not be reader backlash," Mr. McCue said.

Trade publications with fax services include *Inside Radio*, whose weekly newsletter arrives one business day later than a faxed version and contains no advertising, although the faxed version does. Ads cost $1,000-plus a week. Satellite Music Network, Dallas, signed a three-year, $150,000 contract for three inches of copy and no visuals.

Radio & Records, a weekly trade magazine published by Westwood One, this month begins faxing customized editions of *Hot Fax* with personalized ads, enabling advertisers to target an individual program director.

"It's target marketing right down to a rifle shot," said Bob Wilson, publisher-ceo.

Hot Fax will carry two ads priced between $500 and $2,000, depending on how many readers it reaches. It has signed no advertisers yet. About 1,000 of *Radio & Records'* 10,000 subscribers have requested the service, Mr. Wilson said.#

Fax, computers spawn services

The information blitz has spurred fax-only publications and increased sophistication among electronic delivery systems.

USA Today Decisionline, a computer-accessed service, offers information in 18 categories, updated daily. Subscribers include GTE Corp., State Farm Mutual Automobile Insurance Co., Western Union Corp. and World Bank.

Some media subscribers, including News Fax and News Travel Fax, use Decisionline as a wire service.

USA Today Sports Center, launched in February, offers current sports information, such as game scores. Gannett may launch similar travel and money information services.

Gannett accepts but doesn't pursue advertising for all services, including its weather and sports hot lines.

News Fax, Wichita, Kan., delivers hourly updates on local, state and national news to about 500 local businesses. About 25% of the page is advertising, said Publisher George Winters. Advertisers include Langford Travel, Metro Courier and Wichita Computer & Supply; ads cost about $50 a column inch, Mr. Winters said. Additional markets may be added in the future, he said.

News Travel Fax, McLean, Va., is developing a program to send business travelers customized information at any location in the world. Customers could request specific information, so the number of pages, content and likely high price would vary, said President Tom McKnight. The company is pursuing subscribers, but not advertising.

U.S. Fax, Philadelphia, in April introduced "The National Evening FAX," a four-page paper with business, national, international, sports and entertainment news. It is faxed every business day between 5-8 p.m.; an annual subscription is $200.#

—Laura Loro

TV tunes into coupons

By BOB GEIGER

MINNETONKA, MINN.—Merrill Custom Publishers is bringing couponing to TV.

Merrill publishes station-sponsored tabloids that carry station advertisers' coupons. The tabloids promote stations and enable them to offer ad packages.

Merrill has published tabloids for NBC affiliate KARE-TV, Golden Valley, and CBS affiliate WPEC-TV, West Palm Beach, Fla., which plans to use up to three issues this year.

The company is negotiating with stations in San Diego and Phoenix and Tucson, Ariz.

The magazines carry stories about station personalities and programs, with editorial centered on special events. For example, Merrill's inaugural publication, KARE's one-time *Insider*, mailed to 300,000 Twin Cities homes, promoted the 1988 Summer Olympic Games.

"This is added value for the advertisers" and enables a station to offer more than its competitors, said Elliot Bass, KARE VP-general sales manager.

KARE used *Insider* space as a premium, placing an ad free if broadcast advertisers invested a certain amount of cash toward local buys during Olympic coverage, or if they spent 80% or more of their ad budgets with KARE over a set period of time.

The promotion's success spurred Gannett Co.-owned KARE to cosponsor another tabloid, the *Twin Cities Directory*, a free monthly.

Merrill's second publication, WPEC's *Showcase*, promoted its January affiliation switch to CBS from ABC. La-Z-Boy Showcase Shoppes of Palm Beach County, Pizza Inn and Wayne Akers Ford tied in with the publication.

"We didn't want to do something like junk mail," said Doug Wolfmueller, WPEC general sales manager. WPEC sold *Showcase* ads separately from TV time.#

Midweek at Hertz, rent a car for about two bucks an hour.

In Manhattan, just $99 gets you 48 hours and unlimited mileage on a mid-size car.

For your information: This rate is available at all Manhattan locations through August 31st. Reservations must be made one day in advance. Our minimum rental age is 25 years old. Rentals must be kept for two days and are available for pick-up from noon Sunday through noon Thursday. Cars are subject to availability and must be returned to the renting location. Taxes and optional services are extra. For reservations, call your travel agent or Hertz at 1-800-654-3131.

If you need overnight parking, ask about our low rates.

® REG. U.S. PAT. OFF. © HERTZ SYSTEM INC. 1989

Hertz

Hertz rents Fords and other fine cars.

Minn. agencies wow New York at One Show

NEW YORK—Out-of-towners and small, young shops won big at last week's One Show, sponsored by the One Club for Art & Copy.

Fallon McElligott, traditionally successful in this competition, did well again, winning four gold pencils. Two other Minneapolis shops also struck gold: Carmichael Lynch and Clarity Coverdale Rueff.

Gold pencils also went to Curro/Eichenbaum, Milwaukee; the Martin Agency, Richmond, Va.; Borders, Perrin & Norrander, Portland, Ore.; Rossin Greenberg Seronick & Hill, Boston; and Goldberg/Marchesano & Associates, Washington.

Among the agencies here, small shops such as Lowe Tucker Metcalf; Kirshenbaum & Bond; David Deutsch Associates; Buckley/DeCerchio and Goldsmith/Jeffrey did well, and Cliff Freeman & Partners won best TV campaign. Backer Spielvogel Bates won two pencils, however.

The gold pencil winners are:

Consumer newspaper: Lowe Tucker Metcalf, New York, for Parker Pen USA; Ogilvy & Mather, Singapore, for Jasons; Curro/Eichenbaum, Milwaukee, for Kotes of Kolor Auto Body; Kirshenbaum & Bond, New York, for St. Laurie.

Consumer magazine: Ogilvy & Mather, Singapore, Jasons; Fallon McElligott, Minneapolis, Murray's; Carmichael Lynch, Minneapolis, Winnebago Industries; Curro/Eichenbaum, Milwaukee, Dreyer-Meyer Intimate Apparel; David Deutsch Associates, New York, *Conde Nast Traveler*; Buckley/DeCerchio, New York, Godfather's Pizza; Hal Riney & Partners, San Francisco, *California*.

Collateral: Holmes Knight Ritchie/WRG, London, agency brochure; Borders, Perrin & Norrander, Portland, Ore., Portland Visitors Association; Fallon McElligott, Minneapolis, Porsche Cars North America.

Outdoor: Ogilvy & Mather, Los Angeles, Las Vegas (Nev.) Hilton; Goldsmith/Jeffrey, New York, New York Lung Association.

Public service: Martin Agency, Richmond, Va., Save the Battlefield Coalition (3); Fallon McElligott, Minneapolis, Episcopal Ad Project; Backer Spielvogel Bates, New York, Ad Council.

Radio: Clarity Coverdale Rueff, Minneapolis, Minnesota North Stars; Berny Brownstein Advertising, Philadelphia, Oskar Huber Furniture; Rossin Greenberg Seronick & Hill, Boston, Pine Street Inn; W.B. Doner & Co., Southfield, Mich., Greater Michigan Ford Dealers.

Television: Hill, Holliday, Connors, Cosmopulos, New York, Irish Tourist Board; Goldberg/Marchesano & Associates, Washington, IKEA; Cliff Freeman & Partners, New York, Little Caesar Enterprises; SSB Advertising, Sydney, Sony Proprietary Ltd.; Backer Spielvogel Bates, New York, Wendy's International; McCann-Erickson Worldwide, Seattle, Brown & Haley Mountain Bars (2); Franklin & Associates, San Diego, San Diego Humane Society.#

May Advertising Age be of service?

A. To Enter or Renew Your Subscription . . .

☐ CHECK HERE for a full year of Ad Age, 52 weeks of advertising/marketing news and information wherever it's happening. Just $74, the basic rate.

Europe & Middle East add $115 per year for air delivery. All other foreign add $49 per year for surface postage.

☐ New. ☐ Renewal. ☐ Payment enclosed.

☐ Bill me. ☐ Bill company.

NAME (PLEASE PRINT)

TITLE

COMPANY

NATURE OF BUSINESS

☐ HOME OR ☐ BUSINESS ADDRESS

CITY STATE ZIP

B. To Change Your Address . . .

☐ CHECK HERE and print your new address **above.** If available, please attach the mailing label from your most recent issue to this form. Allow 4 weeks for change to be made.

C. To Ask a Question About Your Subscription . . .

☐ CHECK HERE and attach the mailing label from your most recent issue to this form and mail to us with your question(s). This will avoid delays and allow us to serve you better.

MAIL FORM TO: Subscription Manager/Advertising Age
965 E. Jefferson Detroit, MI 48207
Or Call Toll-Free 1-800-992-9970

49A24

ATTACH LABEL HERE
for subscription inquiries or change of address.

Chiat redials Effie

Nynex ads win top honor again

By JON LAFAYETTE

NEW YORK—Nynex Corp. and Chiat/Day last week won the Grand Effie for advertising effectiveness.

The big prize was earned for the Nynex Yellow Pages campaign featuring offbeat, human cartoons based on headings from the phone book including "Civil Engineers" and "Vanity Cases." Two years ago, the Grand Effie also went to a Nynex Yellow Pages campaign by Chiat/Day.

In addition, the agency won gold Effies for its work for Royal Caribbean Cruise Lines and Intel Corp.'s Above Board/2, a computer enhancement device.

The Effies are sponsored by the American Marketing Association's New York chapter. Awards are given for national, regional and local campaigns, not individual ads.

J. Walter Thompson USA and Ogilvy & Mather, soon to be sister agencies under the WPP Group umbrella, each won four gold Effies.

JWT scored with campaigns for Nestle Foods Corp.'s Oh Henry candy bar, Eastman Kodak Co.'s Colorwatch system, Von's Grocery Co. and Phonemate answering devices.

Nynex Corp. and Chiat/Day prove history repeats itself by winning a Grand Effie for a Yellow Pages campaign.

Ogilvy won gold Effies for Pepperidge Farm, Hallmark Cards' Shoebox cards unit, American Express Co. and Carnation Co.'s Contadina Fresh refrigerated pasta and sauce products.

Among the agencies winning two gold Effies were Jordan, McGrath, Case & Taylor (Norcliff-Thayer's Oxy Clean medicated pads and Quaker Oats Co.'s Life cereal); Backer Spielvogel Bates (Avis and Wendy's International); Bozell, Minneapolis and Birmingham, Mich. (*Star Tribune*, Minneapolis, and Chrysler Corp.'s Chrysler New Yorker); DDB Needham Worldwide, Troy, Mich., and Chicago (Volkswagen of America and Anheuser-Busch's Bud Light); and Saatchi & Saatchi Advertising (Philips Lighting Co. and Bali Co. bras).#

Spain unleashes ads in Cannes 'Lion' hunt

By PETER GREEN

PARIS—Commercials that are short or from Spain are expected to do well at the 36th International Advertising Film Festival in Cannes this month, though U.S. and U.K. entries are likely to grab the bulk of the awards.

European creative executives predict Spain will keep increasing its share of the 166 prestigious "Lions," the gold, silver and bronze trophies that crown the best TV spots in each of 24 categories.

In 1988, Spain won 15 Lions, or 9% of all the advertising awards given at Cannes, up from three trophies in 1985.

Creative experts praise Spain's current campaigns and Spanish agencies are taking no chances—Barcelona agency RCP/Saatchi & Saatchi alone has submitted 30 entries to this year's festival, June 19 to 24.

Last year, the U.S. took home 51 awards—30.7% of all the Lions awarded—followed by the U.K. with 34 awards. Spain's third-place finish, with 15 trophies, was followed by Japan with 13, West Germany with 10 and France with 9.

Madrid agency Contrapunto's poignant spots for Spanish TV network RTE have become internationally known in the past year. To encourage children to watch TV more selectively, a boy's best friend—his dog Pippin—sadly packs his food bowl and leash into a suitcase and leaves home when the child is too absorbed to play.

TBWA hopes to do well with its Spanish agency's commercial for Pentel typewriter correction fluid, in which a girl sadly reads a letter from her boyfriend ending their relationship. With sudden determination, she pulls out a Pentel bottle and starts painting out his words with the white liquid as a voice-over advises: "Eliminate the mistakes in your life."

The explosion of ad time available on new TV channels in Europe—such as West Germany's first private channels, satellite-delivered Sat-1 and RTL-Plus—could lead to more, but shorter spots.

"Now, with TV space more available, a lot more advertisers are going to TV. Not all of them have large budgets, so we will have to get used to using much smaller formats," said Uli Wiesendanger, TBWA's international creative director.

A Cannes festival spokeswoman said many of this year's entries are 15, 8 and even 7 seconds in length.

Mr. Wiesendanger said he sees France and Spain as leading exponents of the short spot, a trend he favors. "Short formats improve quality," he said. "It takes much more talent and power to condense things."

He said he also believes German TV spots are improving: "They have finally decided to use their great print background in TV."

Host country France probably won't do well at Cannes, said Barry Hill, the U.S.-born creative director

(Continued on Page 74)

GOLD LION WINNERS AT CANNES

The Gold Lion award is given for excellence in TV and cinema advertising.

Country	'84	'85	'86	'87	'88	Total
U.K.	7	10	6	10	8*	41
U.S.	7*	2*	9*	7	11	36
Japan	1	3	2	4*	2	12
France	4	1	3	2	1	11
Brazil	1	1	1	3	2	8
Italy	0	0	2	2	1	5
Spain	0	0	1	2	2	5

* Includes Grand Prix winner.
Source: Screenvision/SAWA.

Addys

(Continued from Page 26)

land & Johnk, Fargo, N.D., for MeritCare/St. Luke's, Fargo, N.D.

Print material:

Hennegan Co., Cincinnati, for Designframe, New York; Leave It to Cheevers, Portland, Ore., in-house; Belden/Frenz/-Lehman, Westlake, Ohio, for Herald Printing, New Washington; A. Richard Johnson Co., Nashville, Tenn., for Morrison Inc., Mobile, Ala.; Roger Christian & Co., San Antonio, for Travel Clinic; Emery Advertising, El Paso, Texas, for Horizon Turistic Projects, Egypt; Donaldson, Lufkin & Jenrette, New York, in-house; McCann-Erickson Worldwide, Seattle, for Brown & Haley, Tacoma, Wash.; the Puckett Group, St. Louis, for Blue Cross/Blue Shield; Hipke Inc., Glendale, Calif., for Paramount Domestic Television, Los Angeles.

Out-of-home media:

W.B. Doner & Co., Baltimore, for *The Sun*; Phillips-Ramsey, San Diego, for the San Diego Zoo; Clarity Coverdale Rueff, Minneapolis, for the *St. Paul Pioneer Press-Dispatch*; Ward Archer & Associates, Memphis, Tenn., for Kentucky Fried Chicken Memphis Co-op; D'Arcy Masius Benton & Bowles, New York, for Richardson-Vicks, Wilton, Conn.

Direct mail:

Roger Christian & Co., San Antonio, for Sauces Unlimited; Borders, Perrin & Norrander, Portland, Ore., for Portland Visitors Association; Jacobson Ray McLaughlin Fillips, Tacoma, Wash., for American Plywood Association; Buntin Advertising, Nashville, Tenn., in-house; Young & Laramore, Indianapolis, for Mayflower Transit.

Business publications:

Levine, Huntley, Schmidt & Beaver, New York, for Tax-Free Funds; Duke Unlimited, Metairie, La., for Louisiana Power & Light, New Orleans; Mojo USA, San Francisco, for Calavo Growers of California, Tustin; Young & Rubicam, New York, for Time Inc.; Frankenberry, Laughlin & Constable, Milwaukee, for A.C. Nielsen Co., Northbrook, Ill. (2).

Advertising graphic arts:

Frankenberry, Laughlin & Constable, Milwaukee, for HM Graphics, Minneapolis; McCann-Erickson Worldwide, Seattle, for Brown & Haley, Tacoma, Wash.; Quinlan Advertising, Carmel, Ind., for Twin Disc, Racine, Wis.#

Texaco back in race with ads for new gas

By JENNIFER LAWRENCE

An aggressive effort behind Texaco's new System 3 gasolines reflects the company's goal of returning to a competitive leadership position in the $114 billion U.S. market.

Texaco, which emerged from Chapter 11 bankruptcy protection about a year ago following a bitter and costly court battle with Pennzoil Co., intends to put a $30 million marketing push behind System 3 (AA, June 5).

The sixth-ranked gasoline marketer is rolling out System 3—for all octane grades of unleaded and leaded fuels—on a market-by-market basis.

Advertising broke last week in California after having been launched in Texas in late May. Ads start in the New York metropolitan area the week of July 17.

National rollout will be completed by the end of the summer at some 18,500 Texaco service stations.

"What we hope to gain from a marketing standpoint is to demonstrate to the public that the new Texaco has in fact maintained and increased the quality of its products," said Gene McGraw, general manager of refining and marketing at Texaco Refining & Marketing. "We want to make sure that Texaco stays at the forefront of providing the highest-quality fuel for consumers."

A six-week introductory campaign is themed "Five tanks is all we ask. New System 3. It's that good." Campbell-Mithun-Esty, New York, is the agency.

During the introductory week, a 30-second TV spot, supported by a print ad, gives an overview of the product benefits.

Then, for the next five weeks, a separate 30-second commercial for each of the "five tanks" details the performance benefits of that tank. The messages include claims that new cars run like new, that performance is restored to older cars and that there's more power from every octane level.

At the end of the six-week series, System 3 will be supported by local sales promotion programs using radio and direct mail.

Goodwin, Dannenbaum, Littman & Wingfield, Houston, is handling that part of the mix.

System 3 will provide Texaco with a quality image and a means to increase market share for all grades of gasoline, Mr. McGraw said. Its development began about four years ago, when the company decided to tackle the problem of intake valve deposits in a car's engine.

These deposits, ironically, have accumulated from gasolines with detergent additives designed to keep fuel injectors clean.

The advertising challenge was to create a message to break through all the other gasoline additive pitches, said Chuck Kosich, director of sales promotion and advertising at Texaco USA.

"We wanted to position System 3 as a premium brand but at the same time build into it a retail call to action," he said. "That led us to the theme of 'Five tanks is all we ask.' "

The creative and media strategies depart from typical gasoline advertising. On the creative side, none of the eight spots shows a Texaco station, pump or nozzle.

"The question we were wrestling with is how can we get the driving public to look at a piece of advertising and say, 'That is a different product,' " said Joseph O'Donnell, ceo at Campbell-Mithun-Esty. "So there's no smiling attendant, no pump shot, no nozzle, because we wanted the ads to be as different as the product.

In a teaser spot, a cowboy is thinking of getting a car so he can use Texaco's new System 3 gasoline.

The media strategy involves the airing of eight consecutive spots, some of which may be repeated later. In addition, the first two days of the introductory effort feature a separate teaser spot on each day.

Because the System 3 formula will be used in all Texaco gasoline products, advertising targets all gasoline consumers, rather than just super-premium unleaded, Mr. Kosich said.

Since in-house research showed that lower- to middle-end gasoline buyers are more likely to change brands, Texaco hopes to maximize its chances for share gains across all gasoline grades, he said.

Although Texaco held onto its sixth-place ranking, the company showed a 0.16% decline to 6.14% of the U.S. gasoline market for 1988 compared with 1987.

The market is led by Shell Oil Co., with an 8.23% share, Amoco Corp. with 7.28%, Exxon with 7.04%, Mobil Oil Corp. with 6.84% and Chevron Corp. with 6.48%, according to 1988 figures from the Lundberg Survey.#

To cover Houston, split your buy between the two biggest newspapers:

Cannes

(Continued from Page 70)

at McCann-Erickson France, Paris, and a member of the Cannes jury.

"There's a general consensus that this hasn't been a great year for France. There's been no breakthrough in directing, style or concept that's shaken everybody up," Mr. Hill said.

France fared poorly in a prejudging last week of its entries by Mr. Hill and fellow jury member Pierre de Plas, president of Belier WCRS, Paris, and could continue its slide from 22 Lions in 1987 to nine in 1988. After screening the best French spots, Messrs. Hill and de Plas picked eight to 10 possible Lions. Their favorites include:

- Young & Rubicam France's new Eastman Kodak Co. spot, "The Color Thieves," in which little girls "steal" the color from objects and capture it on Kodacolor Gold film in a wild race through the streets of Los Angeles.
- From CLM/BBDO, Paris' hottest creative shop, a series of spots for Rhodic's KB Jardin fertilizers, in which fertilized plants and gardens are unharmed while buildings fall down around them.
- A TBWA spot for Die Dietrich ovens, showing a pickup truck and RV trailer chasing a boar cross-country. In the trailer, the oven door bangs open and shut, while a voice-over describes how tough Die Dietrich ovens are. In the end, the truck crashes into an apple tree, the boar escapes and an apple pie is popped into the oven.
- A Volkswagen spot from DDB Needham in which a little boy tells his father about all the things his schoolmates have and asks what he can tell them he has. As they climb into the VW, the father counsels his son: "Tell them you have a Volkswagen."

About 3,642 films from 50 countries will compete this year, nearly 200 more than in 1988, when 48 countries participated. Although the Soviet Union and India aren't entering this year, four countries not present in 1988—Colombia, Iceland, Mauritius and Zimbabwe—will participate.#

Sports marketing

(Continued from Page 3)

the potential for clutter and saturation. "The War" has only four major sponsors, but sponsors of other sports sometimes hit the hundreds.

Already, some 41.2% of the marketers surveyed by the University of Massachusetts department of sports said sports sponsorships have reached the saturation point. But another 54.9% of the companies responding said saturation isn't a problem.

The study, commissioned by Advantage International, a Washington-based sports marketing company, surveyed *Fortune* 500 companies by mail nationwide earlier this year. Of the 55 marketers responding, 48.1% said sports are being overcommercialized while 44.2% disagreed.

The perception of sponsorship clutter is fueled mostly by auto racing. Auto industry analysts estimate about 350 sponsors spend more than $250 million a year to support the sport and more than 100 separate companies were involved somehow with the Indianapolis 500 last month.

But those involved in auto racing swear by its value, citing fan loyalty.

"Motorsports takes a knock about its commercialism, but it's only a little bit ahead of what everybody else is doing," Stroh's Mr. Hellweg said. "Motorsports would be terribly expensive to do at the current level without sponsorships. I'd rather see a high-caliber competition partially funded by legitimate advertisers than have a sport suffering because someone's afraid of a little clutter."

The Championship Auto Racing Team has 155 sponsors paying $95 million this year, and none of the marketers seem to be complaining about overcommercialization of the 15-race series.

"I've never heard a sponsor complain about clutter or say too many sponsors are involved," said Kevin O'Brien, CART's director of marketing. "A lot of companies, like K mart, Domino's and Marlboro [Philip Morris], are using racing sports programs to drive sales and increase traffic away from the track. They all carve out their own niche."

Wayne Robertson, senior VP at Sports Marketing Enterprises, the sports marketing arm of RJR Nabisco, agreed that unique programs devised by a sponsor to use involvement are vital to rising above the clutter in any sport.

"The secret to sports sponsorship is not what you do but how you do it," he said.

"Contrary to being cluttered, some companies see more opportunities for leverage," said Lesa Ukman, editor of *Special Events Reports*, a Chicago-based every-other-weekly publication tracking sponsorships. "But the more upscale the fans, the more careful sponsors have to be. In auto racing, fans don't seem to mind if a driver has a dozen different patches on his uniform. But those at a symphony would probably be upset if the back of the conductor's coat was filled with sponsor names."

While sports sponsorship continues to grow, Ms. Ukman said, the current trend of corporate America is to sponsor grass-roots events and non-traditional sports like biathlons.

"Sponsors are getting smarter. They are refining what they are doing," she said.

The competition and the high price for involvement in prime sports events—Anheuser-Busch's Budweiser brand spent $5.5 million to sponsor and promote tonight's fight—has pushed some marketers toward concerts, state fairs and other non-sporting events.

But companies eager to expand globally still see event and sports sponsorships as the best way to enter new markets.

"Sports and music transcend nations. Corporations look at the events as the vehicle to help expand globally," Ms. Ukman said. "But an event or sports sponsorship is not the answer to all advertiser dreams. In general, it is not a turnkey type of marketing. It is labor intensive and a lot of what is being sold is worthless because the company, the sport or the event does not have the support system to make sure a company has a successful experience."

One problem facing sports is the inability to accurately put a price on the value of a sponsorship.

John Power, group VP at Vitt Media International, New York, said sports must show they can help marketers sell products to ensure the future growth of sports marketing.

"People are looking at the kinds of programs being put together more objectively and wearing their business hats more," Mr. Power said. "In a business climate that is turbulent, people are taking a harder look at things."

For example, Beatrice Co., once a major supporter of auto racing and a sponsor of the Chicago marathon, drastically cut its sports marketing budget after a leveraged buyout by Kohlberg Kravis Roberts & Co. in early 1987.

And RJR Nabisco, which spends an estimated $60 million a year for sports sponsorships—second only to Philip Morris Cos.' estimated $85 million—also is taking a harder look at many of its programs.

Last year, RJR Nabisco decided to end its umbrella sponsorship of the professional men's tennis tour after the 1989 season. The company wouldn't say why, but observers said they think the sport's massive internal problems diminished the sponsorship's value.

The Association of Tennis Professionals, citing the previous tour's inability to market itself properly, will launch its own professional men's tour in 1990. So far, there's no umbrella sponsor.

Still, 85.4% of the companies surveyed by Advantage International believe they've received a fair value for what they spent, though half of those companies said they don't use a measurement model for evaluating sports sponsorship.

Volvo North America Corp., which sponsors professional, collegiate and recreational tennis, estimates it gets $8 of exposure for each dollar it invests in the sport.

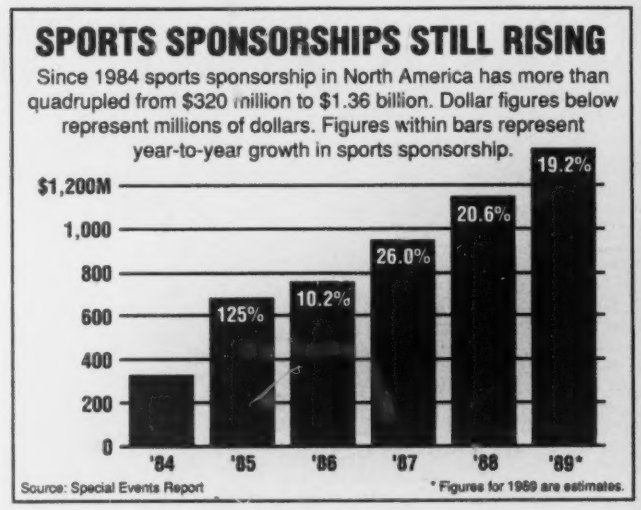
The car marketer has shifted from solely sponsoring professional tennis to "put seed money" at the collegiate and recreational level. The idea is to "start developing that market while we're maximizing our investment," said Bill Mergler, Volvo director of corporate promotions.

A new requirement of sports sponsorships, particularly for televised sports, is the purchase of media time. ABC, CBS and NBC have refused to use a title sponsor's name for college bowl games unless the sponsor also bought commercials within the broadcast.

The National Basketball Association, which has 26 "official" sponsors paying $500,000 each, also encourages each company to buy time in games televised on CBS and Turner Broadcasting System.

Some observers say this development could thwart growth.

"One danger is that the economics are getting bad in relation to television," said Frank Craighill, managing director of Advantage International. "The cost is starting to exceed the growth in ratings in sports such as tennis and golf. The justification is that you're reaching a targeted audience. That's gotten to be an expensive sponsorship. The price-value ratio appears to be reaching the top of the marketplace. But there's still a long line of companies that want to get in."#



John Hall

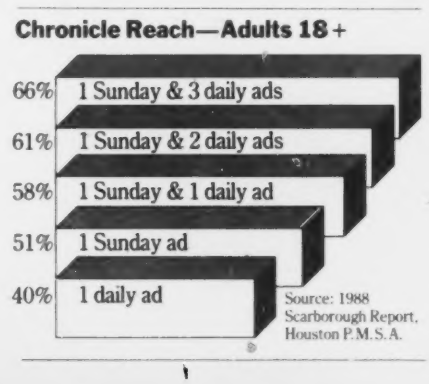
The daily Chronicle and The Sunday Chronicle.

The Chronicle reaches Houstonians with astonishing ease. For instance, one daily Chronicle ad reaches more readers than two insertions in the city's other daily newspaper. And on Sunday? One Chronicle ad reaches more readers than the other paper does with five weeks of Sunday ads.

You even get a big discount for a frequency buy in The Chronicle. Just ask about Chron-Flight when you talk to Ad Sales at (713) 220-7761.

One phone call, and you'll get Houston's top two newspapers. Smart!

Houston Chronicle
Houston's primary advertising investment


Chronicle Reach—Adults 18+
66% 1 Sunday & 3 daily ads
61% 1 Sunday & 2 daily ads
58% 1 Sunday & 1 daily ad
51% 1 Sunday ad
40% 1 daily ad
Source: 1988 Scarborough Report, Houston P.M.S.A.